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REPORTS

FROM

COMMITTEES:

SEVEN VOLUMES.

—(6.)—

POST OFFICE (TELEGRAPH DEPARTMENT); RAILWAY PASSENGER DUTY.

Session

8 *February* —— 15 *August* 1876.

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REPORTS FROM COMMITTEES.

1876.

SEVEN VOLUMES:—CONTENTS OF THE

SIXTH VOLUME.

N.B.—*THE* Figures *at the* beginning of the line, *correspond with the* N° *at the foot of each* Report; *and the* Figures *at the* end of the line, *refer to the* MS. Paging *of the Volumes arranged for The House of Commons.*

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REPORT

FROM THE

SELECT COMMITTEE

ON

POST OFFICE (TELEGRAPH DEPARTMENT);

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
13 *July* 1876.

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Friday, 31*st March* 1876.

Ordered, THAT a Select Committee be appointed to inquire into the organisation and financial system of the Telegraph Department of the Post Office.

Ordered, THAT the Committee do consist of Seventeen Members.

Committee nominated of—

Mr. Sclater-Booth.
Mr. Leveson Gower.
Mr. Cubitt.
Dr. Lyon Playfair.
Mr. Watney.
Mr. John Holms.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Fielden.
Mr. Meldon.
Mr. Ripley.
Colonel Alexander.
Mr. Watkin Williams.
Lord Robert Montagu.
Mr. Charles Allsopp.
Mr. William Beckett Denison.
Mr. Goldsmid.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Five be the Quorum of the Committee.

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REPORT.

THE SELECT COMMITTEE appointed to inquire into the ORGANISATION and FINANCIAL SYSTEM of the TELEGRAPH DEPARTMENT of the POST OFFICE:——HAVE considered the matters to them referred, and have agreed to the following REPORT:—

YOUR Committee have thought it convenient to divide the subject referred to them for inquiry into four heads, viz.:—

I. ORGANISATION OF THE DEPARTMENT.
II. FACILITIES OFFERED TO THE PUBLIC.
III. FINANCIAL ADMINISTRATION.
IV. TRAINING OF MILITARY TELEGRAPHISTS.

I.—ORGANISATION.

The general management of the Telegraph Department is divided into—

(*a*). Secretarial Office.
(*b*). Technical or Engineering Division.
(*c*). Commercial or Traffic Division.

Since Mr. Scudamore resigned the office of Second Secretary in the Post Office, the Chief Permanent Head of the Telegraph Department has been the Secretary, who is assisted by one of the principal clerks. Practically the work of an assistant secretary is fulfilled by this officer. It seems to the Committee that the department of telegraphs is quite as distinctive in its character as the Home Mail or Foreign Mail branches of the Post Office, each of which is entrusted to an officer with the rank of an assistant secretary; and they are of opinion that the same course should, sooner or later, be followed in the department of telegraphs.

SECRETARY'S OFFICE.

The Committee do not consider it necessary to enter into the details of the secretary's office, except to remark that they think several parts of it might be consolidated with advantage. They do not, for instance, see the necessity of keeping the intelligence department as a distinct branch from the special arrangements branch, both being employed in press messages, The private wire branch is another division which might be provided for in the consolidation.

TECHNICAL OR ENGINEERING BRANCH.

The Engineering Division of the Telegraph Department is both costly and complicated. Its main purpose is to maintain existing lines of communications on roads, to undertake new extensions, and also to maintain in efficient working the wires, instruments, and batteries within the telegraph offices throughout the kingdom. It has no official connection with the actual working of the telegraphs for the purposes of traffic. As the lines on railways are maintained by the railway companies, the Engineering Division of the Post Office has only a general supervising duty in relation to them. The chief function of this division is to maintain the 63,000 miles of road wires, and the 12,000

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instruments in offices, while its connection with the 45,000 miles of railway wires is not that of maintenance, but only of general supervision. It is impossible not to be struck with the unnecessarily large force employed for these purposes.

Tilley, 44. The old telegraph companies had 534 persons to maintain 80,000 miles of wire and 10,000 instruments, while the Post Office has now 590 persons to maintain 63,000 miles of wire, and 12,000 instruments. Though the instruments are doubtless of a more complex character than formerly, the aggregate cost, which now amounts in salaries and wages to 110,074 *l.*, as shown in the Estimates of the present year, is more than can be explained by any increased duties in this respect.

Tilley, 41. It is well to state that before this Committee was formed, the attention of the Post Office had been directed to the subject of a reduction in the engineering staff. Two of their officers, Messrs. Graves and Preece, presented a report to the secretary, in February last, recommending a large reduction and re-organisation of the engineering division. The Committee have reason to believe that efforts are being made to carry some of these recommendations into effect.

Tilley, 23–40. Winter, 683. The engineering division of the Telegraph Department is divided into the Engineer in Chief's Office in London, and into seven divisional districts in the provinces, each of which is under a divisional engineer. Each of these divisional engineers has superintendents to take charge of lesser tracts of country; each superintendent has inspectors in order to supervise the linemen, who make the actual repairs or extensions. According to the Estimates of the present year, the metropolitan and provincial divisions will require seven divisional engineers, 41 superintendents, 103 inspectors, and 350 linemen. It will be observed that as the figures appear on the Estimates, though it is stated that vacancies have not lately been filled, 33,202 *l.* are to be expended on 154 technical officers, including those in the office of the Engineer in Chief, to superintend 350 linemen, who cost 24,337 *l.*, besides such occasional labour as

Winter, 714. may be necessary, and which is estimated at 30,000*l.* The engineering witnesses contended that inspectors could scarcely be classed as officers, but as their minimum pay is 80*l.* and their maximum 200*l.*, they cannot be classed as workmen. According to the amount for which Parliament is asked to provide, every divisional engineer has under him, on an average, five superintendents; every superintendent has two and a half inspectors; and every inspector has three and a half established linemen. The general result that 248 established officers (including 94 clerks) are used to superintend 350 established linesmen and mechanics, is admittedly excessive.

The explanation given of this excessive and costly establishment is, that it was required to push rapidly through the country the telegraphic system now in operation. Doubtless, this is true, but this temporary urgency ought to have been met by a temporary force, and not by a large addition to the

Winter, 704. permanent official establishment of the country.

The consequence of the cumbrous organisation described is, that much unnecessary complexity exists in reports and accounts. There is a dupli-

Winter, 728. cation, frequently a triplication, of paper work and correspondence. The inspector, who, according to the Post Office view, is a higher class workman with technical knowledge, is withdrawn from his technical to clerical duties by incessant reports and instructions.

The superintendent often echoes the reports of the inspectors to the divisional engineer, who formally reports to the Engineer in Chief. No doubt, on important occasions, each acts usefully in his own sphere, but before work is achieved, there is a slow and cumbrous process of repeating instructions. Even the divisional engineer has little latitude in expenditure, for,

Winter, 730. except on the emergency of a break-down, he cannot expend more than 60*s.* a fortnight on labour without a written warrant from the head office. That office last year issued 465 works orders involving labour only, and of these only 136 were for sums above 10 *l.*; while, out of 601 "maintenance" orders, including both labour and material, 114 were authorities for special outlays below 10 *l.* This naturally produces much complication in accounts, for each order requires separate estimates, records, checks, and ledger entries. The accounts, as well as the reports, seem capable of much simplification. At present

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present the accounts are first sent to the divisional superintendent, from him to the divisional engineer, from the latter to the Engineer in Chief, who transmits them to the Receiver and Accountant General. With such a system it is not surprising to find that the engineers' division employs, according to the Estimates, 94 clerks at a cost of 13,205 *l.*

Messrs. Graves and Preece propose to remedy these evils by strengthening the head office and diminishing the provincial staff. In place of an engineer in chief, they suggest three principal officers: Graves, 1223.

One in charge of technical and scientific operations.

One having charge of stores and accounts.

One having inspection and supervision of the executive organisation.

They propose to reduce the seven divisional engineers to one, the 30 superintendents to 10, the 78 inspectors to 63, and the provincial clerks from 57 to 29. These reductions are large, but as they have been suggested from within the office, we must presume they can be made without diminution of efficiency. The Committee postpone until they have considered the traffic or commercial branch, their remarks on the proposed organisation. They would only now remark, that while the unity of management of the Engineer in Chief is dispensed with, a triumvirate is not likely to lead to simplicity of work, and is a method of administration which certainly does not meet with the approval of the Committee. Graves, 1240–1251.

The policy of the Post Office hitherto has been to separate the maintenance of the lines from the working of the telegraphs. The analogy of railways, which keep the maintenance of the permanent way distinct from traffic upon it, seems to have led to this separation. But the analogy is a false one. The technical knowledge required in obtaining the full work of circuits and instruments used in the offices is quite as high as that requisite for keeping wires and posts in good condition. Commercial or Traffic Work. Webber, 2547.

But though the engineering staff at present undertake to wash and refresh batteries, and to make adjustments of instruments within the office, they have nothing to do with the working of the circuits or of the instruments in use, so that their technical knowledge is separated from the economical and efficient performance of the work of the service. All the witnesses examined have admitted the evil of this separation of the technical staff from the work of the offices. But the evil of this separation is still more marked in the work of the office. The clerks who do the work, very often mechanically, and without scientific knowledge of the instruments which they use, have hitherto had no motive to acquire an intelligent knowledge of their work. The engineering staff is not recruited from their ranks, and no career is offered to the working clerks of the offices. Hence there is neither uniformity, efficiency, nor economy in the offices throughout the kingdom. The Post Office has recently attempted to remedy this defect by appointing an officer of large telegraphic experience, Mr. Baines, as Surveyor General of Telegraphs. His duties at present do not seem to be clearly defined, but as the Committee understand them, by his title and evidence, his function is to induce the postal surveyors, who are charged with the working of telegraph offices within their respective districts, to promote economy and efficiency in the traffic arrangements. The country, for postal arrangements, is divided into 15 surveyors' districts: 10 in England and Wales, 2 in Scotland, and 3 in Ireland. These are not coincident with the seven divisional engineers' districts as they now are, or with the nine new districts proposed by Messrs. Graves and Preece. This is inconsistent with the economical working of the telegraph. Without giving an opinion as to whether there are too many postal surveyors or not, your Committee cannot conceive that there would be any serious difficulty in so adjusting their districts as to make them co-terminous with sub-districts for the maintenance of wires and posts. But before following out the consequence which would arise from such adjustments, it is necessary to point out the connection of the postal surveyor with the telegraph offices in his district. His duties include

Preece, 1567. Graves, 1234. Baines, 1888. Webber, 2550. Robinson, 4479. Montefiore, 4749. Tilley, 57–64. Patey, 387–391. Graves, 4691. 4701–3.

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Godby, 3191. clude the fitting up of the offices, all questions relating to discipline and promotion, and a general control over the working of the telegraphs within his district. Any changes or revisions of the circuits, and the supervision of economical arrangements of the several offices, form part of the surveyor's duty. It
Godby, 3194. 3198. is obvious, from this outline of the duties entrusted to surveyors, that they ought to possess a thorough knowledge of telegraphy, both in its scientific and technical relations. But as most of them were appointed by the Post Office before the telegraphs were taken over by the Government, it is only in special instances that this knowledge has been acquired. This is an evil in regard to the economical working of telegraphs which may be prevented in the future by making such knowledge an indispensable condition for the
Graves, 4693. Godby, 3215. appointment of all future surveyors. Indeed such knowledge, in a minor degree, is essential for postmasters as well as surveyors, and is now made a condition of their appointment in other countries.

Similar difficulties as to the old surveyors have been experienced in Australia, but the greatest advantage has been already secured by making such
Montefiore, 4750–4754. knowledge an essential condition, not only for all new surveyors, but also for new postmasters.

In India the postal and telegraph systems are not united into one as in England and Australia, but there also much advantage has been found by educating both the officers and station masters in the science and practice of telegraphy. This superior instruction has not only produced increased effi-
Colonel Robinson, 4500–4510. ciency, but also large economies in working.

It may here be desirable to refer to the schools of telegraphy under the Post Office. These were established when there was a great pressure for clerks, and the style of instruction adopted was that which turned out manipulators
Johnston, 1709–1719. Preece, 1598–1601. with the greatest speed. The instruction given in these schools is of a mere empirical character. No scientific knowledge, even of the most elementary nature, is given, and the clerks may, and ordinarily do, leave them without knowing the principles of a galvanic battery, the nature of a circuit, or the most ordinary notions of what produces the motion of their needles. Such methods
Graves 1281–1288. of instruction as are now pursued are not calculated to give that kind of technical and elementary scientific training, without which clerks cannot efficiently perform the more intelligent duties proposed to be assigned to them. It may be desirable, with a view to hasten this result, that the system which has been pursued in India with success should be adopted in this country, and that
Robinson, 4506. travelling instructors should go from office to office to impart that elementary scientific instruction which has hitherto been so much neglected in the training schools.

From the previous remarks it will be seen that though some difficulties will occur from the imperfect telegraphic education of surveyors, postmasters, and clerks, yet there is an unanimous opinion that they must be entrusted in the future with the general management of their instruments and circuits. About half the faults found in working a circuit are within the office itself, and the other half are external to it, but has to be traced from one office to another. It is thus apparent, that it is desirable to train the clerks to rectify the office faults and to aid in determining the position of the external faults along the lines of wire. An obvious inference from this performance of duty would be that a locality should maintain its own lines of wire, instead of depending upon London or the branch officers of the central engineering
Graves, 4704, 4705. authority for the ordinary daily repairs. These do not involve much knowledge or skill, and might be entrusted to a technical officer, acting under the surveyor. Upon this point, as might be expected, there was not unanimity of opinion.
Blackwood, 5181–5188. Several experienced officers saw no difficulty in such an arrangement. Others,
Baines, 1887, 1888. while admitting that such a method of making a surveyor's district responsible for upholding both its lines and instruments in working order was indisputable
Webber, 2546. Hobson, 2800. Stow, 3279. in theory, thought it would be difficult to reduce it to practice, both on account of the ignorance of surveyors in telegraphy, and the jealousies of an independent
Graves, 4695–4711. engineering staff being brought into a new subordination. But such difficulties
Godby, 3209. are inherent in every attempt to produce unity in cases of diverse and incoherent management, and are not insuperable if the office of administration undertake the

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the consolidation with a full determination to achieve it. This unity of management exists in Germany and Australia, and has produced excellent effect. The Treasury Committee, which reported last year, were so impressed with the waste of money caused by a double set of superior officers (the surveyors and divisional engineers) travelling over the same ground, that they recommended that the engineers should act as postal surveyors. But this proposal seems to subordinate postal to telegraphic work. A knowledge of both is essential to surveyors, and should be absolutely required in all new appointments. But without waiting for this general diffusion of knowledge, consolidation of duties might be rapidly effected, though no doubt there must be some redistribution of the present work, by relieving the surveyors of the examination of accounts and returns from sub-offices, which might be easily managed by head postmasters.

Graves, 4700.

Hobson, 2696–3025.

PROPOSED RE-ORGANISATION.

It has been pointed out that the telegraph office, as part of a provincial post office, should be the unit of administration; that each office should be encouraged to maintain its own work in an efficient condition, instead of relying upon external aid; that the postal and telegraphic districts should be made coterminous, under the surveyors, assisted by technical officers, of whom there are a superfluity; and that these districts should maintain the lines which pass through them. Such an organisation, which is essentially local in administrative detail, would culminate in the Surveyor General, whose position and duties should be much better defined than they are at present. He might be assisted by an efficient engineering officer as Inspector General of Lines and of the mechanical arrangements in offices. This officer would also undertake new extensions, and supervise the periodical repairs in the several districts. An electrician might also be appointed; and there is little doubt that one of the divisional engineers might be selected to fill such an office. His duties would be to inquire into the selection, superintend the manufacture, and promote the efficiency of the instruments employed. To this electrician the superintendence of the schools should be transferred, with instructions to place them in a condition calculated to produce that higher intelligence which will be required in the future management of the offices; for it is from them that in future the superintending technical officers should be selected. The Committee wish it to be distinctly understood that they do not contemplate any triumvirate in management such as that to which they have already alluded. The principle of re-organisation which they recommend is, that there should be no separate engineering department as a distinct branch of the telegraph service, but that the engineering officers should have the single object of promoting the efficiency of the working offices and of keeping up the lines of communications, and should be an integral part of the offices or of the districts into which they are united. With this view they naturally culminate in the Surveyor General as the technical exponent at head-quarters of the wants of their offices, and through him the superior professional officers, the inspector general of engineering work, and the electrician, will be brought into operation, and would take care that there should be a uniformity of excellence in the working arrangements both as regards lines and instruments.

According to this proposal the duties of keeping stores and accounts would be separated from the present Engineering Department, and would be attached to the Secretary's Office of the Telegraph Department.

It is not proposed by these arrangements to lessen in any degree the responsibility of the secretary of the Post Office for the administration, as the Committee approve of the recent efforts made to consolidate the Post Office and Telegraphs into a single service. It is to be hoped that the signal success which has attended the administration of the Post Office in postal matters will be followed in the Telegraph Department, when further experience enables the administrative officers better to understand the requirements of a new undertaking.

The above recommendations seem to the Committee to arise from the evidence submitted to them, but it is obvious that changes of so much importance can only be usefully carried into effect after mature consideration, and on the responsibility of the Postmaster General.

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II.—Facilities Offered to the Public.

Postmaster General and Treasury Committee Proposals.

Various proposals have been made for increasing the revenue derived from the telegraphs, both by a Committee of the Treasury and by the Postmaster General. To these we have given attentive consideration. When the telegraphs were taken over by the State, the preamble of the Act gave decided expression to the purpose that "a cheaper, more widely extended, and more expeditious system of telegraphy" should be supplied to the public. This purpose should be kept in view in considering the different proposals which have formerly been made, or which may now be suggested.

Patey, 3643–3646.

The Treasury Committee last year recommended a tariff at 1 *d.* per word, which would raise an ordinary 1 *s.* telegram to 2 *s.* 5 *d.*, if the average of 29 words, including the addresses, were maintained. Even though such a proposal has some compensating advantages to the public in short messages below a shilling, and to the Telegraph Department in the economy of words which would follow such a plan, your Committee cannot join in the recommendation of the Committee of the Treasury, as they think it is opposed to the original purposes of the Act.

Free Addresses.
Patey, 3655.
Hobson, 2749.
Johnston, 4631.
Robinson, 4617–4621.

The public use the telegraph system fairly, and without unduly trespassing on the facilities offered to them. The only practical abuse complained of is that they are apt to extend to an undue length, the titles and addresses of the sender and the receiver of the telegram. Various suggestions have been made that these addresses should be paid for, and that only the body of the telegram should go for the fixed charge. Against this recommendation is the fact that the old telegraph companies found an undue restriction of the address of the receiver to cause so much increased trouble in delivery as to destroy the revenue derived from the charge made for it. But this objection does not apply to the titles and address of the sender. The Post Office in transmitting a letter to its destination, has no interest in the writers of the letters, and has as little interest in the senders of a telegram, except for the purposes of identification. A notable economy might be produced, if the form of the telegram were altered, and the sender were desired to sign his name as in telegrams abroad, his address being added only for the purposes of reference, but not transmitted unless he paid for it as a part of the telegram.

Johnston, 4629.

Montefiore, 4767–8.

Another opening for economy was pointed out by Mr. Montefiore, who stated that in Melbourne the system of sending out messages without envelopes, but closed and gummed, and addressed on the back, had been adopted with such satisfactory results, that it is proposed to extend it to the entire colony, and that a large saving in labour and stationery was effected by the change.

Short Messages.
Hobson, 2752–2760.
Patey, 3643.

Various proposals were made to the Committee by witnesses for offering increased facilities to the public. Mr. Hobson, the postmaster of Glasgow, suggests that short messages, confined to 12 words, inclusive of addresses, should be sent for 6 *d.*, and by these he expects to tap a new source of supply, and largely to increase local traffic.

Deferred Messages.
Webber, 4672.

Another suggestion was made by Major Webber, who at present acts as a divisional engineer in charge of the Royal Engineers under training for the telegraphic purposes of the Army. His proposal is that there should be messages of a second class, for which there should be a charge of 6 *d.* for 10 words in the body of the message, and 3 *d.* for every additional 10 words. The ordinary 1 *s.* messages would have priority over these second class messages; but as it is rare that the wires are continuously occupied with them, there would be opportunity to transmit the cheaper messages without great delay. The essence of this plan is that, in small localities, telegrams would be largely multiplied, and that wires, which now remain comparatively idle for a considerable portion of the day, would have fuller and more evenly distributed work. This proposal has the merit of not disturbing the ordinary 1 *s.* messages, and offers cheaper rates for such as can be delayed, with a minimum of dislocation of the present system. There is no greater disturbance of uniformity in this plan than in the varied charges of the postal system, in which higher rates are charged for greater facilities, and lower rates charged for books where prompt delivery is not

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not an essential condition. When the re-organisation of the department is completed, and the offices brought into efficient working condition, this proposal, as well as that of Mr. Hobson, might be worthy of consideration.

EXPRESS MESSAGES.

The Committee have also had under review proposals to charge augmented rates for express messages, but they scarcely think that the increased revenue to be derived from these favoured messages would compensate for the doubts and uncertainties which the general public would experience in regard to the transmission of their ordinary telegrams.

Hobson, 2773.
Baines, 2018-2022.

LOCAL TELEGRAMS.

All suggestions of this kind depend upon the capacity of the Post Office to transmit many more messages than is now done. The Committee have considered this subject on the proposals to make a general 6 *d.* rate for local traffic. Even in London, with its large wire and office accommodation, Mr. Fisher, the Comptroller of the Metropolitan Office, states that it would be impossible for him to provide for even twice the local traffic, which is, moreover, rapidly increasing at the 1 *s.* rate, the messages in March 1870 having been 13,978, and in the same period in 1876, 84,531. In other large towns the local traffic is insignificant. Thus, in Manchester, they do not exceed 160 in a week. A general reduction in rate would doubless create such messages, which, however, could not be of the deferred class as proposed by Major Webber, because local traffic requires prompt delivery.

Beaufort, 3134. 3140.
Baines, 1917.
Winter, 849-860.
Graves, 1574.
Fisher, 2160. 2162.
Fisher, 2154.
Beaufort, 3142.
Hobson, 2759.
Baines, 1945.
Preece, 1605.
Hobson, 2716.

PNEUMATIC TUBES.

In the present condition of telegraph revenue the Committee do not think it advisable to recommend a general 6 *d.* rate for local traffic. In large towns pneumatic tubes might be more freely used to lessen the pressure on the wires. By means of such tubes letters in the handwriting of the sender might be transmitted to various parts of a city and be delivered with the same speed as a telegraph message. Though these pneumatic tubes are costly in construction, they are cheaply worked, because they do not require clerks, as in the case of wires, nor do they need frequent renewals; while they can be worked with simplicity, delivering the letter, by a single operation, and without the retransmissions and duplicate copying required in telegrams.

Hobson, 2791.
Johnston, 4622.
Baines, 1989.
Winter, 948.
Stow, 3301-3312.

DIFFICULTIES OF LOCAL TELEGRAMS.

In declining at present to make any recommendation for a general reduction to a 6 *d.* rate for short messages or for local traffic, the Committee are guided by the present condition of the telegraph service of the State. When the clerks in the offices have become accustomed to the management of their own instruments, and when, by a more enlightened system of training, they have an intelligent, instead of empirical, knowledge of the work which they have to perform, the Committee do not doubt that there will be a large increase in the capacity of wires and instruments to transmit more messages than at present. Constant improvements in instruments are being made, and it is difficult to place a limit to the future capabilities of telegraphic operations. Automatic telegraphy, if the work be continuous, gives a greatly increased capacity to a wire, and by a proper combination of this system with hand-worked instruments, the capacity for work of the various offices will be considerably augmented, but at present they might break down under any largely increased strain of work produced by a sudden development of the system. It is due, however, to the Post Office authorities to say that they are constantly improving their telegraphic capacities for work, and that even now messages are transmitted with an efficiency and regularity which, a few years ago, would have been deemed impossible.

Graves, 1504. 1548.
Hobson, 2723-2748. 3057.
Fisher, 2310.
Johnston, 1696-1701.
Graves, 1508.

NIGHT AND SUNDAY MESSAGES.

The Postmaster General proposes that an increased charge of 6 *d.* should be made on messages handed in between 8 p.m. and 8 a.m., and also on those sent on Sundays, and he anticipates an increased revenue of 12,000 *l.* from this source. But as the offices at which such messages are received are those which must in any case be kept open, there scarcely seems to be a justification for this charge.

RAILWAY MESSAGES.

A similar increase of charge of 3 *d.* on messages handed in at offices of railway stations is another official proposal. These offices are decreasing in number, and the charge of 3 *d.* for railway agency is therefore becoming a less important item in the accounts. Under these circumstances they doubt the policy of this proposal, especially as railway stations are not only used by the travelling public, but also by the residents of country districts in their vicinity.

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PRESS CHARGES.

A more important proposal of the Postmaster General is to increase the rates for transmitting news, which were fixed by the Act of 1868. The charges under that Act are 1 *s.* for 75 words of news messages sent during the day, and for 100 words during the night, and 2 *d.* for each copy of the same message wherever it may be sent. The proposal of the Postmaster General is to charge 1 *s.* for 75 or 100 words for each separate town to which each message may be sent, and to limit the 2 *d.* copy rate to copies delivered by hand in the same town. The increased revenue which is expected from this change is estimated at 30,000 *l.* if a large reduction of work results from the change.

Patey, 3360.

Upon this proposal the Committee have received much evidence. It is contended that this alteration would be unfair to towns in which there was only a single newspaper, and that the towns with several papers, by dividing the cost of transmission, would have an undue advantage. The Post Office stated that, it lost 20,000 *l.* annually by the transmission of news from news associations, from which it only received 35,000 *l.*, while the news associations state that on the amount of messages at present sent, the increase of charge would amount to upwards of 100,000 *l.* The Committee had not before them sufficient evidence to justify them in coming to a conclusion that the loss of 20,000 *l.* has been clearly established. It appears to be certain, in the original transfer of the telegraphs from the companies to the State, that the Post Office, basing its calculations on the news tariff charged by the companies, promised exceptionally favourable terms to news as compared with commercial messages, and embodied them in the Act. But even then, the Post Office looked upon the newswork as self-supporting, and not as a source of loss. The witnesses on the part of the Press admitted that they had no right to a service carried on at a loss to the State. Upon a review of the evidence the Committee consider, when the amount of the loss is clearly ascertained, that the copy rate should be increased so as to cover any deficiency in the service. This would be a preferable and more equitable plan than that suggested of charging full rates for each separate transmission, while it is but right that the public should not incur loss in the transaction of newspaper work. There are obvious reasons why the Press news should not be considered as sources of revenue to the same extent as private messages. It should be remembered, however, that under any circumstances there probably could have been no loss on the Press work if the telegraph capital had not been so largely inflated, certainly without the Press being in any way in fault.

Lovell, 3926.
Saunders, 4030–4033.

Taylor, 3860. 3862.

Lovell, 3946.
Saunders, 4129.
Macdonald, 4233.

A proposal has been made to alter the present system of counting, and the Committee are of opinion that it might, to a certain extent, and after due notice, be carried out without interfering with the intention of the Legislature, as embodied in the Act of 1868, without unduly raising the present charges for news messages, and with the effect of relieving the Post Office from a class of messages obviously unremunerative. The Act lays down that these news messages are to be transmitted "at the rate of" 1 *s.* for 75 words by day or 100 by night to one address, and 2 *d.* extra for each additional address. As these words have been heretofore interpreted, all the words in a particular service have been counted together, and charged at the rate specified per 75 or 100 words, as the case might be. Under this system, with a certain class of news it happens that many really separate messages, which require to be sent and delivered separately, are included in a single 75 or 100 words, and are charged for at the same rate as if they involved only one transmission, one set of addresses and one delivery. To such an extent is this the case that one instance was adduced in evidence in which the Post Office was called on to deliver 1,640 messages for the sum of 1 *l.* 15 *s.* 2 *d.*, or one farthing each. Your Committee do not believe that this was ever intended or anticipated, and it is in no wise justified by the analogy of ordinary commercial messages. In their case a fixed minimum charge is made by the Post Office, whether the message consists of 1 or 20 words, and the Committee consider that a similar fixed minimum charge of 1 *s.* for one address, and 2 *d.* for every additional address, might fairly be made for every message requiring separate transmission and delivery. By adopting this suggestion, the Post Office would be at once relieved of the obviously unremunerative portion of its news traffic. The Post Office, however, further proposes that each message handed in, whatever its length, should be charged separately. The result of this would be that the initial charge for a message of 101 words would be 2 *s.* This is neither charging "at the rate" of 1 *s.* for 100 words, nor is it in accordance with the analogy of ordinary commercial messages, where, while

Patey, 4889.

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while a minimum charge is made for any number of words up to 20, the charge above that number is 3 *d.* for every additioual five words. If, therefore, that analogy were pursued in the case of Press messages, an extra 3 *d.* would be charged for every 18 or 25 words above 75 or 100 to a single address, by day or night respectively, and an extra ½ *d.* for its transmission to every additional address. Such a mode of charging, or a word rate, would seem to be more in accordance with the practice of the service than the proposals made by the Post Office.

Before concluding their Report on this branch of the subject, your Committee deem it proper to record their opinion that the true method of making the Telegraph Department remunerative is to be sought, not in the direction of curtailment of the facilities, at present offered to the public, or of increase of charges, but in that of increase of facilities and, at the proper time, diminished charges. The postal telegraph system differs from a purely commercial undertaking in this, that, as it was taken over by the State primarily for the convenience of the public, all increase of traffic which can be brought about without loss to the revenue adds to the national value of the system. Moreover, as the existing wires and staff are capable of undertaking a considerably increased traffic, and as it is impossible either to maintain or get rid of superfluous wires and operatives without heavy expense and loss, the desirability of developing the telegraph traffic of the country up to the full capacity of the system seems to your Committee to admit of no dispute.

III.—Financial Administration.

CAPITAL ACCOUNT.

By the terms of the reference the Committee understand it was not intended that they should investigate minutely the circumstances under which the capital of the telegraphs has been raised. The capital, originally authorised by the Act of 1869, was 7,000,000 *l.*, but this having proved insufficient, subsequent Acts have been passed (in 1871, 1873, and 1876), which authorise the capital to be raised to 9,750,000 *l.*, of which, up to the 31st March 1876, there had been expended 9,359,961 *l.* Hence there has already been spent 2,359,251 *l.* in excess of the sum estimated when the State purchased the telegraphs from private companies. But even this large excess is not all that ought to be added to capital.

Blackwood, 5197. 5206–5210.

Financially considered, the extension of new lines of communication since 1873, the proportion of new buildings chargeable to telegraphs, the capitalised value of reversionary rights of railways, and, lastly, the pensions to retired officers of the companies are all charges in the nature of capital. These amount to 711,575 *l*, and would raise the capital actually expended to 10,071,536 *l.* Notwithstanding these conditions, the original capital account cannot be considered as closed, for there are still outstanding claims of railway companies.

Blackwood, 5212–5218.

The Committee have not received any full and satisfactory explanation of these great differences between the estimated expenditure of 1869 and the actual expenditure incurred up to 1876.

Blackwood, 5211.

The attention of the Committee has been drawn by a letter from Sir William Anderson to the fact that the capital sums raised by the Acts of Parliament do not appear in the National Accounts in the usual way. The ordinary rule is, that all monies granted by Parliament should first be paid into the Consolidated Fund, and issued from it under the usual guarantees. Instead of this course, Parliament authorised the National Debt Commissioners to retain the monies raised by them in their own hands, without passing into Her Majesty's Exchequer, and they have been issued as required without the checks provided by the Exchequer and Audit Departments Act. As the exceptional character of this arrangement has been already remarked upon by the Public Accounts Committee, no evidence has been taken on the subject.

Anderson, Paper 10.

Blackwood, 5198–5204.

REVENUE AND WORKING EXPENSES.

Having stated the present position of the capital account, the Committee now turn to the receipts and expenditure. When the telegraphs were originally taken over by the State, the number of messages was 6,000,000, and now they are 20,000,000. But although the revenue has largely augmented, the expenditure

Blackwood, 5247–8.

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penditure has, until lately, increased at a greater ratio, as the following figures show :—

	Revenue.	Working Expenses.
	£.	£.
1869-70 - - - -	100,760	62,273
1870-71 - - - -	690,934	394,477
1871-72 - - - -	751,611	591,776
1872-73 - - - -	978,076	874,946
1873-74 - - - -	1,057,824	967,790
1874-75 - - - -	1,123,794	1,071,347
1875-76 - - - -	1,250,379	1,031,960

Blackwood, 5261-2.

By comparing the per-centage ratio of the increase of revenue and working expenses, the following results appear :—

	Revenue.	Working Expenses.
1871-72 - - - - -	7 per cent. increase -	50 per cent. increase.
1872-73 - - - - -	30 „ „ -	47 „ „
1873-74 - - - - -	8 „ „ -	10 „ „
1874-75 - - - - -	6 „ „ -	11 „ „
1875-76 - - - - -	11 „ „ -	4 per cent. decrease.

ANNUAL DEFICIT. Blackwood, 5266-7.

The present increase of the revenue is about 10 per cent. per annum, though it is impossible to calculate how long this may continue. It is obvious that unless a vigorous attempt be made to decrease working expenses, the condition of the Telegraph Department will remain unsatisfactory. Under the present system of accounts, from the date of purchase in 1870, up to the 31st of March last the deficit upon the account of interest, which should have been paid upon capital, was 663,152 *l.*

GROWTH OF REVENUE.

It is perhaps too early to judge how far there may be a productive revenue from the Telegraph Department. The old companies charged rates which averaged 2*s.* per message, and gave fewer words in the addresses, charging also porterage if beyond half a mile. The reduction in the price of messages, and the increased facilities offered to the public by a uniform 1*s.* rate, bore some resemblance to the system of the 1 *d.* post, and may have led the public to expect similar financial success. After the reduction of postage to the 1 *d.* rate, the revenue fell off, and it took 33 years before the net revenue mounted to that of the last year of the old postage. Each person of the population sends, on an average, 30 letters a year, but it requires three persons to send two telegrams annually, according to the present experience. Six years of the State telegraphs form scarcely a long enough period to estimate their permanent financial position.

IMPERFECT STATEMENT OF ACCOUNTS. Blackwood, 5275-77.

The accounts of the Telegraph Department as they are now presented to Parliament, contain amounts which, in an ordinary commercial undertaking, would be charged to capital, and they do not take credit for gratuitous work rendered to public departments, and which should appear as a set-off to working expenses. Thus the value of the free messages of the Government departments is 9,204 *l.*, and 16,809 *l.* are expended for special wires, maintenance, extensions, and working of telegraphs for the Admiralty, War Office, and other Departments. The proceeds of this gratuitous work would appear in the accounts of a commercial undertaking, and the charges for extensions, &c., now placed to revenue, would also be charged to capital. Until the accounts are exhibited on this commercial principle, the public will not know the financial

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financial condition of the service. The Committee have asked Mr. Blackwood, the Financial Secretary, to prepare an abstract of account in this form and he makes the balance of profit for the last year's working 249,226 *l.*, According to this view, if the telegraphs were worked by a commercial company, on their own, but not on borrowed capital, they would, this year, be able to declare a dividend of about 2½ per cent. According to the form of the present accounts the public must retain a very imperfect impression of the true position of the undertaking. It will be for the consideration of the Treasury whether it would not be well that a profit and loss account of this character should be appended to the cash account prepared under the authority of the Act of 1868. Of course it should only be done after audit by the Comptroller and Auditor General of Accounts, in order to prevent charges on revenue being placed to capital, and a more favourable aspect than is justifiable being presented to the public. The Committee think also it might be well to ask Parliament to vote specific sums for telegrams used by the departments of the State, as these charges ought to be brought into account.

Blackwood, 5288.

The Committee now return to the possibility of reducing the working expenses of the telegraphs. In the first portion of the Report considerable reductions have been indicated in the cost of the Engineering Department. But it is in the more economical working of the offices to which they look for a larger reduction. It is with this view that they have recommended the provincial telegraph office to be the unit of administration, and that districts should be superintended by local surveyors, and not by central officers of a separate engineering department. At the present moment, there is a great variety in the work performed and in the expenditure of the offices for commercial traffic. Thus, Birmingham sent last year 14,000 more messages than Dublin; notwithstanding this, Dublin costs the country 9,184 *l.* a year more than Birmingham. If there be any explanation of this in the fact that Dublin is a capital and Birmingham a provincial town, that ceases to apply to a comparison with Edinburgh. Now, Edinburgh sent last year about 50,000 messages more than Dublin, and yet cost the country 7,092 *l.* a year less than the latter capital. If we compare various provincial towns, as shown in Mr. Scudamore's report of 1872, with the returns given in the Appendix, there appears to be little relation between the increase of messages and the increase of clerks between 1872 and 1876, as the following few illustrations show.

Reduction of Working Expenses.

Paper 8.

	Increase per Cent. of Messages.	Increase per Cent. of Clerks.
Edinburgh - - -	50	0
Birmingham - - -	49	0
Liverpool - - -	53	26
Manchester - - -	58	29
Glasgow - - -	73	21
Newcastle - - -	71	19
Leeds - - - -	130	37

A still more extraordinary example is to be found in Dublin. In 1872, the Telegraph Office in that city had 401 clerks; in 1876, it has 286 clerks. Notwithstanding the large reduction, its cost is still much in excess of other offices. In the interval its messages have increased 46 per cent.

These figures are only explicable on the supposition that there must have been a great redundancy of clerks in one place, or an unnecessary increase in other places. It is by a rigid examination of anomalies such as these, as well as by increasing the capacity of the wires and working instruments, that the Committee expect the provincial surveyors and the Surveyor General may produce great economy in the working expenses.

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IV.—Training of Military Telegraphists.

Importance of Telegraphs in War.
Von Chauvin, 2609.
Simmons, 2337.

The experience of modern warfare has made telegraphs essential to its successful operation. In recent continental wars military telegraphists are employed, not only for the purpose of keeping up constant inter-communication of the combatants, but also for facilitating the transport of provisions and the material of war. With less experience in war than the continental States of Europe, England, in its recent campaigns, such as that in Ashanti, could not have carried out its operations with the rapidity required for success, unless it had made free use of field telegraphs.

Simmons.
Von Chauvin.
Simmons, 2344.
Robinson, 4524.
Webber, 2546.
Von Chauvin, 2612.

In Germany and in France, the field telegraphists in war are taken from the ordinary civil telegraphists of the State, who are then brought under military discipline and martial law. But in both these countries a large proportion of the State telegraphists have been soldiers, and are anxious for active employment in the field, or, as Mr. Von Chauvin states, "The difficulty which we found "whenever war broke out was not how to offer an inducement to our telegraph "men to join the troops, but how to console those who were ordered to remain "at home; they all wanted to go." At the same time, the evidence seems conclusive that civilian telegraphists would not be likely to show the same alacrity for war, and are not so fitted as old soldiers to bear the hardships of a campaign or to act with coolness before the enemy. In the words of Mr. Von Chauvin, "Another reason which is very potent is, that you cannot expect a "civilian who has made up his mind to be a telegraph man for the rest of his "life, and to work in a peaceful occupation, to sit in front of an enemy who is "firing away at him, and to risk his life for the purpose of sending a couple of "messages, whereas a soldier who has made up his mind when he joined the "army that one of these days he might have his brains blown out by a bullet, "cannot expect anything else, and will sit down to his ordinary occupation."

Training of Military Telegraphists.
Simmons, 2340-1.
Webber, 2430-1.

As it is admitted that a body of skilled telegraphists is essential to active operations in the field, the question of training them narrows itself to the consideration, whether they should be trained apart as military telegraphists, or whether the Post Office, which has the monopoly of telegraphic communication throughout the country, should afford to the War Office facilities for training military men in this art. Upon this point the military witnesses have no doubt; they state that, though they do train soldiers to telegraphic work, as a part of military organisation, the want of an enlarged practice in the art renders their amateur knowledge of little value for practical purposes.

Existing Facilities.
Webber, 2461.

These considerations prevailed with the Government in 1870, when, after negotiations between the War Office and the Post Office, the latter allocated the eastern divisional engineers district (enlarged in 1872) for the purpose of training military telegraphists. At first, that division was looked upon in the light of a training district, and there, and in other parts of the country, six officers and 167 men were employed. This number was in excess of the requirements of the Post Office for the actual labour required in the allotted district, and as economical considerations were pressed on that department, reductions were made, and the force now stands at 4 officers and 43 non-commissioned officers and men.

Tilley, 91.
Graves, 1379.
Webber, 2499.

The Post Office has shown willingness to continue the employment of the Royal Engineers, and admits the efficiency of their work, though it doubts their economy as a point of departmental administration. In point of fact, if the contribution of the War Office and that of the Post Office be added together, the average cost of a Royal Engineer, engaged on the telegraphs, is 110 *l.* per annum, while that of a civilian employed on the same work is 106 *l.* The cost in excess is 4 *l.* for each man, but for that sum annually the State has an armed and trained soldier ready at its call, while, if not so employed, he would cost the State 44 *l.* a-year. Viewed as a whole, the employment of Royal Engineers in time of peace and in moderate numbers in the telegraphic service of the State is economical. But, departmentally, this may not be, and at present is not so. If a redundant number of civilians exist in the Engineering Department, it is obviously more economical to the Post Office to employ the redundant force on its own work than to pay even the fractional figure of ·575 of the pay which

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it contributes to the military telegraphists. But looking to the future of the Department, it does not appear that this redundancy will be permanent. Even now adjustments may lessen the difficulty, for there is a vote of 30,000 *l.* for unestablished labour, as contrasted with 24,000 *l.*, for established linemen and mechanics. This would seem to indicate that the actual redundancy is in officers, not in men, and that the adaptation of the system to the training of an increased number of soldiers ought to present little difficulty; for it is obvious that the established linemen transferred from one might be employed in other districts in which, according to the evidence of Mr. Graves, temporary men are nearly permanently employed. Another source of expenditure to the Department consists in the fact that the cost of supervision of military officers has been large for the small area allotted to the Royal Engineers; but, as the same number of officers could supervise a larger area, this source of expense could readily be lessened. In a strictly departmental view, there is a less charge to the Post Office than if civil labour were employed; for, according to the calculations of the Accountant General, the cost for salaries and wages in the other civil divisions of the country is 12 *s* per mile of wire, and 17 *l.* per office, as compared with 7 *s.* 2 *d.* per mile of wire, and 10 *l.* per office under the Royal Engineers. Further economies to the Department would obviously result from the fact that it would not be called upon to provide pensions for the men in the training district, as it would require to do, if it were manned by civilians.

Graves, 1342.

Chetwynd, 5461.

JOINT WORK OF CIVILIANS AND SOLDIERS.

Experience has proved, both in the trigonometrical survey and in the telegraphic service, that there is no difficulty in getting soldiers and civilians to work heartily together. Major Webber bears willing testimony to the excellent relations which have subsisted between himself and the postal surveyors, who have always afforded him every assistance.

Simmons, 2375. Webber, 2439.

ENLARGEMENT OF TRAINING DISTRICT.

Assuming that it is considered an object of State policy to give facilities for training soldiers in the use of the State Telegraphs, the present arrangement might be maintained, but at the same time it would be well if the soldiers employed were passed more rapidly through the Department. A joint Committee of the War Office and Post Office has reported on the subject of enlisting telegraph boys into the ranks of Royal Engineers. It is proposed that such boys, who frequently acquire some knowledge of telegraphy, should be sent to Chatham to be trained as sappers, and then join the companies of sappers acting under the Postmaster General, and having served their time, should continue in it as reserve men. By such arrangements, which appear to give a promise of success, a class of useful and expert telegraphists might be secured.

Simmons, 2348.

13 *July* 1876.

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PROCEEDINGS OF THE COMMITTEE.

Thursday, 6th April 1876.

MEMBERS PRESENT:

Dr. Lyon Playfair.	Mr. Charles Allsopp.
Mr. Leveson Gower.	Mr. Ripley.
Mr. Goldsmid.	Dr. Cameron.
Mr. Meldon.	Mr. John Holms.
Mr. Watney.	Mr. Cavendish Bentinck.
Colonel Alexander.	Mr. Sclater-Booth.

Dr. LYON PLAYFAIR was called to the Chair.

The Committee deliberated.

[Adjourned till Friday, 28th April, at Twelve o'clock.

Friday, 28th April 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. William Beckett Denison.	Mr. Leveson Gower.
Colonel Alexander.	Mr. Cavendish Bentinck.
Mr. John Holms.	Mr. Ripley.
Mr. Watney.	Mr. Watkin Williams.
Mr. Charles Allsopp.	Dr. Cameron.
Mr. Sclater-Booth.	Lord Robert Montagu.
Mr. Goldsmid.	

Mr. *John Tilley*, C.B., and Mr. *C. H. B. Patey*, were severally examined.

[Adjourned till Tuesday next, at One o'clock.

Tuesday, 2nd May 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Dr. Cameron.
Colonel Alexander.	Mr. Ripley.
Mr. John Holms.	Mr. Leveson Gower.
Mr. Watney.	Mr. Cavendish Bentinck.
Mr. Charles Allsop.	Mr. Cubitt.
Mr. Goldsmid.	Mr. Meldon.

Mr. *William Henry Winter* was examined.

[Adjourned till Friday next, at Twelve o'clock.

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Friday, 5th May 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. William Beckett Denison.
Mr. John Holms.
Mr. Watney.
Mr. Charles Allsopp.
Colonel Alexander.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. Ripley.
Lord Robert Montagu.
Mr. Cavendish Bentinck.
Mr. Meldon.
Dr. Cameron.
Mr. Cubitt.

Mr. *Edward Graves* and Mr. *William Henry Preece* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 9th May 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. John Holms.
Mr. Charles Allsopp.
Colonel Alexander.
Mr. Goldsmid.
Mr. Ripley.
Lord Robert Montagu.
Mr. Cubitt.
Mr. Leveson Gower.
Dr. Cameron.
Mr. Watney.
Mr. Sclater-Booth.

Mr. *Robert Wilson Johnston*, Mr. *Frederick Wilson Baines*, and Mr. *Henry Charles Fischer*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 12th May 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Charles Allsopp.
Colonel Alexander.
Mr. Goldsmid.
Dr. Cameron.
Lord Robert Montagu.
Mr. Meldon.
Mr. Cavendish Bentinck.
Mr. William Beckett Denison.
Mr. John Holms.
Mr. Ripley.

Lieutenant General Sir *J. Lintorn Simmons*, R.E., K.C.B., was examined.

The Committee deliberated.—Motion made, and Question, "That the Chairman do call in Mr. Tilley, and ask him whether a letter has been addressed from the London Post Office to any local postmaster, charging him with giving official information to a Member of the Committee, and with being disloyal to the Service"—(Lord *Robert Montagu*),—put, and *negatived*.

Major *Charles Edmund Webber*, R.E., was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

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Tuesday, 16*th May* 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Mr. Goldsmid.
Mr. Cavendish Bentinck.	Mr. Leveson Gower.
Mr. William Beckett Denison.	Dr. Cameron.
Mr. Cubitt.	Mr. Ripley.
Mr. John Holms.	Mr. Meldon.
Mr. Charles Allsopp.	Lord Robert Montagu.
Colonel Alexander.	Mr. Watney.

Mr. *George Von Chauvin* and Mr. *Richard Hobson* were severally examined.

The Committee deliberated.

Mr. *Richard Hobson* was further examined.

The Committee deliberated.—Motion made, and Question proposed, "That this Committee considers the letter addressed to Mr. Richard Hobson, one of the witnesses summoned before this Committee, by Mr. Patey, by direction of the Secretary to the Post Office, as calculated to impede the investigation of this Committee; and instruct the Chairman to report the matter to the House"—(Dr. *Cameron*).—Amendment proposed, to leave out the words "and instruct the Chairman to report the matter to the House"—(The *Chairman*).—Question put, That the words proposed to be left out stand part of the Question.—The Committee divided:

Ayes, 4.	Noes, 8.
Dr. Cameron.	Mr. Leveson Gower.
Mr. Meldon.	Mr. Watney.
Lord Robert Montagu.	Mr. John Holms.
Mr. Goldsmid.	Mr. Cavendish Bentinck.
	Mr. Ripley.
	Colonel Alexander.
	Mr. Charles Allsopp.
	Mr. William Beckett Denison.

Main Question, as amended, put.—The Committee divided:—

Ayes, 10.	Noes, 2.
Mr. Leveson Gower.	Mr. Cavendish Bentinck.
Mr. Watney.	Mr. William Beckett Denison.
Mr. John Holms.	
Dr. Cameron.	
Mr. Meldon.	
Mr. Ripley.	
Colonel Alexander.	
Lord Robert Montagu.	
Mr. Charles Allsopp.	
Mr. Goldsmid.	

Resolved, "That this Committee considers the letter addressed to Mr. Richard Hobson, one of the witnesses summoned before this Committee, by Mr. Patey, by direction of the Secretary to the Post Office, as calculated to impede the investigation of this Committee."

Mr. *Richard Hobson* was further examined.

Mr. *John Beaufort* was examined.

[Adjourned till Friday next, at Twelve o'clock.

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Friday, 19*th May* 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Mr. Charles Allsopp.
Colonel Alexander.	Dr. Cameron.
Mr. Cubitt.	Mr. Leveson Gower.
Mr. Cavendish Bentinck.	Mr. Ripley.
Mr. John Holms.	Mr. Goldsmid.

Mr. *William J. Godby* and Mr *George Stow* were severally examined.

Mr. *C. H. Patey* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 23*rd May* 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. William Beckett Denison.	Dr. Cameron.
Mr. Cubitt.	Mr. Ripley.
Mr. John Holms.	Mr. Cavendish Bentinck.
Mr. Watney.	Mr. Leveson Gower.
Colonel Alexander.	Mr. Meldon.
Mr. Goldsmid.	

Mr. *Edward Taylor*, Mr. *John Lovel*, and Mr. *William Saunders*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 26*th May* 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Mr. John Holms.
Colonel Alexander.	Mr. Goldsmid.
Dr. Cameron.	Mr. William Beckett Denison.
Mr. Ripley.	Mr. Charles Allsopp.
Lord Robert Montagu.	Mr. Cubitt.
Mr. Cavendish Bentinck.	

Mr. *George Harper*, Mr. *John C. Macdonald*, and Colonel *Daniel George Robinson*, R.E., were severally examined.

Mr. *Robert Wilson Johnston* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

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Tuesday, 30th May 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Colonel Alexander.	Mr. Goldsmid.
Dr. Cameron.	Mr. Watney.
Mr. Cubitt.	Mr. Cavendish Bentinck.
Mr. Leveson Gower.	Mr. John Holms.
Lord Robert Montagu.	Mr. Ripley.
Mr. William Beckett Denison.	

Major *C. E. Webber*, R.E., and Mr. *Edward Graves*, were further examined.

Mr. *Sidney Montefiore* was examined.

Mr. *C. H. Patey* was further examined.

[Adjourned till Tuesday, 13th June, at Twelve o'clock.

Tuesday, 13th June 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Ripley.	Dr. Cameron.
Mr. Cubitt.	Colonel Alexander.
Mr. Goldsmid.	Mr. Watney.
Mr. Cavendish Bentinck.	Mr. William Beckett Denison.
Mr. Leveson Gower.	Mr. John Holms.

Mr. *Stevenson A. Blackwood* was examined.

[Adjourned till Friday, 23rd June, at Twelve o'clock.

Friday, 23rd June 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Mr. Goldsmid.
Mr. Cavendish Bentinck.	Mr. Leveson Gower.
Mr. Cubitt.	Dr. Cameron.
Mr. Watney.	Mr. Ripley.
Mr. Charles Allsopp.	Mr. William Beckett Denison.
Colonel Alexander.	Lord Robert Montagu.

The Committee deliberated.

[Adjourned till Tuesday, 4th July, at Twelve o'clock.

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Tuesday, 4th July 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. William Beckett Denison.	Mr. Leveson Gower.
Mr. Cubitt.	Dr. Cameron.
Mr. John Holms.	Mr. Ripley.
Mr. Watney.	Mr. Cavendish Bentinck.
Mr. Charles Allsopp.	Mr. Sclater-Booth.
Colonel Alexander.	Lord Robert Montagu.
Mr. Goldsmid.	

DRAFT REPORT proposed by the Chairman, read the first time, as follows:

"1. YOUR Committee have thought it convenient to divide the subject referred to them for inquiry into four heads, viz.:—

"I. ORGANISATION OF THE DEPARTMENT.
"II. FACILITIES OFFERED TO THE PUBLIC.
"III. FINANCIAL ADMINISTRATION.
"IV. TRAINING OF MILITARY TELEGRAPHISTS.

"I.—ORGANISATION.

"2. The general management of the telegraph business is divided into—

"(*a*). Secretarial Office.
"(*b*). Technical or Engineering Division.
"(*c*). Commercial or Traffic Division.

"3. Since Mr. Scudamore resigned the office of Second Secretary in the Post Office, the Chief Permanent Head of the Telegraphic Department has been the Secretary, who is assisted by one of the principal clerks. Practically the work of an assistant secretary is fulfilled by this officer. It seems to the Committee that the department of telegraphs is quite as distinctive in its character as the Home Mail or Foreign Mail branches of the Post Office, each of which is entrusted to an officer with the rank of an assistant secretary; and they are of opinion that the same course should, sooner or later, be followed in the department of telegraphs.

SECRETARY'S OFFICE.

"4. As to the details of the secretary's office, they do not consider it necessary to enter, except to remark that they think several parts of it might be consolidated with advantage. They do not, for instance, see the necessity of keeping the intelligence department as a distinct branch from the special arrangements branch, which, like the former, is employed in press messages, as well as in meeting the demands for occasional events, such as large public meetings or races. The private wire branch is another division which might be provided for in the consolidation.

TECHNICAL OR ENGINEERING BRANCH.

"5. The Engineering Division of the Telegraph Department is both costly and complicated. Its main purpose is to maintain existing lines of communications on roads, to undertake new extensions, and also to maintain in efficient working the wires, instruments, and batteries within the telegraphic offices throughout the kingdom. It has no official connection with the actual working of the telegraphs for the purposes of traffic. As the lines on railways are maintained by the railway companies, the Engineering Division of the Post Office has only a general supervising duty in relation to them. The chief function of this division is to maintain the 63,000 miles of road wires, and the 12,000 instruments in offices, while its connection with the 45,000 miles of railway wires is not that of maintenance, but only of general supervision. It is impossible not to be struck with the unnecessarily large force employed for these purposes. The old telegraphic companies had 534 persons to maintain 80,000 miles of wire and 10,000 instruments, while the Post Office has now 590 persons to maintain 63,000 miles of wire, and 12,000 instruments, though the latter are doubtless of more complex character than formerly. Still the aggregate cost, which now amounts in salaries and wages to 110,074 *l.*, as shown in the Estimates of the present year, is more than can be explained by any increased duties in this respect.

Tilley, 44.

"6. It is due, however, to the Post Office to state that before this Committee was formed, their own attention had been directed to the subject of a reduction in the engi-

Tilley, 41.

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neering staff. Two of their officers, Messrs. Graves and Preece, presented a report to the secretary, in February last, recommending a large reduction and re-organisation of the engineering division. The Committee have reason to believe that efforts are being made to carry some of their recommendations into effect.

Tilley, 23–40. Winter, 683.

"7. The engineering division of the Telegraph Department is divided into the Engineer in Chief's Office in London, and into seven divisional districts in the provinces, each of which is under a divisional engineer. Each of these divisional engineers has superintendents to take charge of lesser tracts of country; each superintendent has inspectors in order to supervise the linemen, who make the actual repairs or extensions. According to the Estimates of the present year, the metropolitan and provincial divisions will require seven divisional engineers, 41 superintendents, 103 inspectors, and 350 linesmen. The engineering witnesses contended that inspectors could scarcely be classed as officers, but as their minimum pay is 80 *l.*, and their maximum 200 *l.*, they cannot be classed as workmen. It will be observed that as the figures appear on the Estimates, though it is stated that vacancies have not lately been filled, 33,202 *l.* are expended on 154 technical officers, including those in the office of the Engineer in Chief, to superintend 350 linesmen, who cost 24,337 *l.*, besides such occasional labour as may be necessary, and which is estimated at 30,000 *l.* According to the amount for which Parliament is asked to provide, every divisional engineer has under him, on an average, five superintendents; every superintendent has two and a half inspectors; and every inspector has three and a half established linesmen. The general result that 248 established officers (including 94 clerks) are used to superintend 350 established linesmen and mechanics, is admittedly excessive.

Winter, 714.

Graves, 1213.

"8. The explanation given of this excessive and costly establishment is, that it was once fully occupied, and was, indeed, required to push rapidly through the country the telegraphic system now in operation. Doubtless, this is true, but this temporary urgency ought to have been met by a temporary force, and not by a large addition to the permanent official establishment of the country.

Winter, 704.

Winter, 723.

"9. The consequence of the cumbrous organisation described is, that much unnecessary complexity exists in reports and accounts. There is a duplication, frequently a triplication, of paper work and correspondence. The inspector who, according to the Post Office view, is a higher class workman with technical knowledge, is withdrawn from his technical to clerical duties by incessant reports and instructions.

Winter, 730.

"10. The superintendent often echoes the reports of the inspectors to the divisional engineer, who formally reports to the Engineer in Chief. No doubt, on important occasions, each acts usefully in his own sphere, but before work is achieved, there is a slow and cumbrous process of repeating instructions. Even the divisional engineer has little latitude in expenditure, for, except on the emergency of a break-down, he cannot expend more than 60 *s.* a fortnight on labour without a written warrant from the head office. That office last year issued 465 works orders involving labour only, and of these only 136 were for sums above 10 *l.*; while out of 601 "Maintenance" Orders, including both labour and material, 114 were authorities for special outlays below 10 *l.* This naturally produces much complication in accounts, for each order requires separate estimates, records, checks, and ledger entries. The accounts, as well as the reports, seem to us capable of much simplification. At present the accounts are first sent to the divisional superintendent, from him to the divisional engineer, from the latter to the Engineer in Chief, who transmits them to the Receiver and Accountant General. With such a system we were not surprised to find that the engineers' division employs, according to the Estimates, 94 clerks at a cost of 13,205 *l.*

Graves, 1223.

"11. Messrs. Graves and Preece propose to remedy these evils by strengthening the head office and diminishing the provincial staff. In place of an engineer in chief, they suggest three principal officers:

"One in charge of technical and scientific operations.
"One having charge of stores and accounts.
"One having inspection and supervision of the executive organisation.

"They propose to reduce the seven divisional engineers to one, the 30 superintendents to 10, the 78 inspectors to 63, and the provincial clerks from 57 to 29. These reductions are large, but as they have been suggested from within the office, we must presume they can be made without diminution of efficiency. The Committee postpone until they have considered the traffic or commercial branch, their remarks on the proposed organisation. We would only now remark, that while the unity of management of the Engineer in Chief is dispensed with, a triumvirate is not likely to lead to simplicity of work, if the Engineer's Department is still to be kept as a distinct and practically independent division of telegraphic administration.

Graves, 1240–1251.

COMMERCIAL OR TRAFFIC WORK.

"12. The policy of the Post Office hitherto has been to separate the maintenance of the lines from the working of the telegraphs. The analogy of railways, which keep the maintenance of the permanent way distinct from traffic upon it, seems to have led to this separation. But the analogy is a false one. The technical knowledge required in obtaining the full work of circuits and instruments used in the offices is quite as high as that requisite for keeping wires and posts in good condition.

Webber, 2547.

"13. But

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"13. But though the engineering staff at present undertake to wash and refresh batteries and to make adjustments of instruments within the office, they have nothing to do with the working of the circuits or of the instruments in use, so that their technical knowledge is separated from the economical and efficient performance of the work of the service. All the witnesses examined have admitted the evil of this separation of the technical staff from the work of the offices. But the evil of this separation is still more marked in the work of the office. The clerks who do the work, very often mechanically, and without scientific knowledge of the instruments which they use, have hitherto had no motive to acquire an intelligent knowledge of their work. The engineering staff was not recruited from their ranks, and no career was offered to the working clerks of the offices. Hence there is neither uniformity, efficiency, nor economy in the offices throughout the kingdom. The Post Office has recently attempted to remedy this defect by appointing an officer of large telegraphic experience, Mr. Baines, as Surveyor General of Telegraphs. His duties at present do not seem to be clearly defined, but as we understand them, by his title and evidence, his function is to induce the postal surveyors, who are charged with the working of telegraphic offices within their respective districts, to promote economy and efficiency in the traffic arrangements. The country, for postal arrangements, is divided into 15 surveyors' districts; 10 in England and Wales, two in Scotland, and three in Ireland. These are not coincident with the seven divisional engineers' districts as they now are, or with the nine new districts proposed by Messrs. Graves & Preece. Nothing in our opinion is so opposed to the economical working of the telegraph. It is not for us to give an opinion as to whether there are too many postal surveyors or not, but your Committee cannot conceive that there would be any serious difficulty in so adjusting their districts as to make them co-terminous with sub-districts for the maintenance of wires and posts. But before following out the consequence which would arise from such adjustments, it is necessary to point out the connection of the postal surveyor with the telegraphic offices in his district. His duties include the fitting up of the offices, all questions relating to discipline and promotion, and a general control over the working of the telegraphs within his district. Any changes of revisions of the circuits, and the supervision of economical arrangements of the several offices, form part of the surveyor's duty. It is obvious, from this outline of the duties entrusted to surveyors, that they ought to possess a thorough knowledge of telegraphy, both in its scientific and technical relations. But as most of them were appointed before the telegraphs were taken over by the Government, it is only in special instances that this knowledge has been acquired. This is an evil in regard to the economical working of telegraphs which is an inheritance of the past, but it may be prevented in the future by making such knowledge an indispensable condition for the appointment of all future surveyors. Indeed such a knowledge, in a minor degree, is essential for postmasters as well as surveyors, and is now made a condition of their appointment in other countries.

Preece, 1567. Graves, 1234. Baines, 1888. Webber, 2550. Robinson, 4479. Montefiore, 4749. Tilley, 57–64. Patey, 387–391. Graves, 4691. 4701–3. Godby, 3191. Godby, 3194. 3198. Graves, 4693. Godby, 3215.

"14. Similar difficulties as to the old surveyors have been experienced in Australia, but the greatest advantage has been already secured by making such knowledge an essential condition, not only for all new surveyors, but also for postmasters.

Montefiore, 4750–4754.

"15. In India the postal system and telegraphs are not united into one as in England and Australia, but there also much advantage has been found by educating both the officers and station masters in the science and practice of telegraphs. This superior instruction has not only produced increased efficiency, but also large economies in working.

Colonel Robinson, 4500–4510.

"16. It may here be desirable to refer to the schools of telegraphy under the Post Office. These were established when there was a great pressure for clerks, and the style of instruction adopted was that which turned out manipulators with the greatest speed. The instruction given in these schools is of a mere empirical character. No scientific knowledge, even of the most elementary character, is given, and the clerks may, and ordinarily do, leave them without knowing the principles of a galvanic battery, the nature of a circuit, or the most ordinary notions of what produces the motion of their needles. Such methods of instruction as are not pursued are not calculated to give that kind of technical and elementary scientific training, without which clerks cannot efficiently perform the more intelligent duties proposed to be assigned to them. It may be desirable, with a view to hasten this result, that the system which has been pursued in India with success, should be adopted in this country, and that travelling instructors should go from office to office to impart that elementary scientific instruction which has hitherto been so much neglected in the training schools.

Johnston, 1709–1719. Preece, 1598–1601. Graves, 1281–1288. Robinson, 4506.

"17. From our previous remarks, it will be seen that though some difficulties will occur from the imperfect telegraphic education of surveyors, postmasters, and clerks, yet there is an unanimous opinion that they must be entrusted in the future with the general management of their instruments and circuits. About half the faults found in working a circuit is within the office itself, and the other half is external to it, but has to be traced from one office to another. It is thus apparent, that it is desirable to train the clerks to rectify the office faults and to aid in determining the position of the external faults along the lines of wire. An obvious inference from this performance of duty would be that a locality should maintain its own lines of wire, instead of depending upon London or the branch officers of the central engineering authority for the ordinary daily repairs. These

Graves, 4704, 4705.

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Blackwood, 5181–5188. Baines, 1887, 1888. Webber, 2546. Hobson, 2800. Stow, 3279. Graves, 4695–4711. Godby, 3209. Graves, 4700.

do not involve much knowledge or skill, and might be entrusted to a technical officer, acting under the surveyor. Upon this point, as might be expected, there was not unanimity of opinion. Several experienced officers saw no difficulty in such an arrangement. Others, while admitting that such a method of making a surveyor's district responsible for upholding both its lines and instruments in working order was indisputable in theory, found it difficult to reduce it to practice, both on account of the ignorance of surveyors in telegraphy, and the jealousies of an independent engineering staff being brought into a new subordination. But such difficulties are inherent in every attempt to produce unity in cases of diverse and incoherent management, and are not insuperable if the office of administration undertake the consolidation with a full determination to achieve it. This unity of management exists in Germany and Australia, and has produced excellent effect. The Treasury Committee, which reported last year, were so impressed with the waste of money caused by a double set of superior officers (the surveyors and divisional engineers) travelling over the same ground, that they recommended the engineers should act as postal surveyors. But this proposal seems to subordinate postal to telegraphic work. A knowledge of both is essential to surveyors, and should be absolutely required in all new appointments. But without waiting for this general diffusion of knowledge, consolidation of duties might be rapidly effected, though no doubt there must be some redistribution of the present work, by relieving the surveyors of the examination of accounts and returns from sub-offices, which might be easily managed by head postmasters.

Hobson, 2696–3025.

PROPOSED RE-ORGANISATION.

"18. It has been pointed out that the telegraphic office, as part of a provincial post office, should be the unit of administration; that each office should be encouraged to maintain its own work in an efficient condition, instead of relying upon external aid; that the postal and telegraphic districts should be made coterminous, under the surveyors, assisted by technical officers, of whom there are a superfluity; and that these districts should maintain the lines which pass through them. Such an organisation, which is essentially local in administrative detail, would culminate in the Surveyor General, whose position and duties should be much better defined than they are at present. He might be assisted by an efficient engineering officer as Inspector General of Lines and of the mechanical arrangements in offices. This officer would also undertake new extensions, and supervise the periodical repairs in the several districts. An electrician might also be appointed; and there is little doubt that one of the divisional engineers might be selected to fill such an office. His duties would be to inquire into the selection, superintend the manufacture and promote the efficiency of the instruments employed. To this electrician the superintendence of the schools should be transferred, with instructions to place them in a condition calculated to produce that higher intelligence which will be required in the future management of the offices; for it is from them that in future the superintending technical officers should be selected. The Committee wish it to be distinctly understood that they do not contemplate any triumvirate in management such as that to which they have already alluded. The principle of re-organization which they recommend is, that there should be no separate engineering department as a distinct branch of the telegraphic service, but that the engineering officers should have the single object of promoting the efficiency of the working offices and of keeping up the lines of communications, and should be an integral part of the offices or of the districts into which they are united. With this view they naturally culminate in the Surveyor General as the technical exponent at head-quarters of the wants of their offices, and through him the superior professional officers, the inspector general of engineering work, and the electrician, will be brought into operation, and would take care that there should be a uniformity of excellence in the working arrangements both as regards lines and instruments.

"19. According to this proposal the duties of keeping stores and accounts would be separated from the present Engineering Department, and would be attached to the Secretary's Office of the Telegraphic Department.

"20. It is not proposed by these arrangements to lessen in any degree the responsibility of the general secretary for the administration, as the Committee approve of the recent efforts made to consolidate the Post Office and Telegraphs into a single service. The signal success which has attended the administration of the Post Office in postal matters is likely to be followed in telegraphs, when the experience of their working enables the administrative officers to understand the requirements of a new undertaking.

"II.—FACILITIES OFFERED TO THE PUBLIC.

POSTMASTER GENERAL AND TREASURY COMMITTEE PROPOSALS.

"21. Various proposals have been made for increasing the revenue derived from the telegraphs, both by a Committee of the Treasury and by the Postmaster General. To these we have given attentive consideration. When the telegraphs were taken over by the State, the preamble of the Act gave decided expression to the purpose that 'a cheaper, more widely extended, and more expeditious system of telegraphy' should be supplied to the public. This purpose should be kept in view in deciding on the different proposals which have formerly been made, or which may now be suggested. Thus the Treasury Committee last year recommended a tariff at 1 *d.* per word, which would raise an ordinary 1 *s.* telegraph to 2*s.* 5*d.*, as it now contains an average of 29 words. Even though such a proposal has some compensating advantages to the public in short messages

Patey, 3643–3646.

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sages below a shilling, your Committee cannot join in the recommendation of the Committee of the Treasury they think it is opposed to the original purposes of the Act.

FREE ADDRESSES.

"22. The public use the telegraph system fairly, and without unduly trespassing on the facilities offered to them. The only practical abuse complained of is that they are apt to extend to an undue length, the titles and addresses of the sender and the receiver of the telegram. Various suggestions have been made that these addresses should be paid for, and that only the body of the telegram should go for the fixed charge. Against this recommendation is the fact that the old telegraph companies found an undue restriction of the address of the receiver to cause so much increased trouble in delivery as to destroy the revenue derived from the charge made for it But this objection does not apply to the titles and address of the sender. The Post Office in transmitting a letter to its destination, has no interest in the writers of the letters, and has as little interest in the senders of a telegram, except for the purposes of identification. A notable economy might be produced, if the form of the telegram were altered, and the sender were desired to sign his name as in telegrams abroad, his address being added only for the purposes of reference, but not transmitted unless he desired it, and paid for it as a part of the telegram.

Patey, 3655.
Hobson, 2749.
Johnston, 4631.
Robinson, 4617–4621.
Johnston, 4629.

SHORT MESSAGES.

"23. Various proposals were made to the Committee by witnesses for offering increased facilities to the public. Mr. Hobson, the postmaster of Glasgow, suggests that short messages, confined to 12 words, inclusive of addresses, should be sent for 6 *d.*, and by these he expects to tap a new source of supply, and largely to increase local traffic. But as the words in present addresses amount to 12, it is obvious that such messages must either be monosyllabic, or that the restrictions in the address would cause the inconvenience referred to.

Hobson, 2752–2760.
Patey, 3643.

DEFERRED MESSAGES.

"24. Another suggestion has been made by Major Webber, who at present acts as a divisional engineer in charge of the Royal Engineers under training for telegraphic purposes of the Army. His proposal is that there should be messages of a second class, for which there should be a charge of 6 *d.* for 10 words in the body of the message, and 3 *d.* for every additional 10 words. The ordinary 1 *s.* messages would have priority over these second class messages; but as it is rare that the wires are continuously occupied with them, there would be opportunity to transmit the cheaper messages without great delay. The essence of this plan is that, in small localities, telegrams will be largely multiplied, and that wires, which now remain comparatively idle for a considerable portion of the day, will have full and more evenly distributed work. This proposal has the merit of not disturbing the ordinary 1 *s.* messages, and offers cheaper rates for such as can be delayed, with a minimum dislocation of the present system. There is no greater disturbance of uniformity in this plan than in the varied charges of the postal system, in which higher rates are charged for greater facilities, and cheaper rates charged for books when prompt delivery is not an essential condition. When the re-organisation of the department is completed, and the offices brought into efficient working condition, this proposal might be worthy of consideration.

Webber, 4672.

LOCAL TELEGRAMS.

"25. All suggestions of this kind depend upon the capacity of the Post Office to transmit many more messages than is now done. The Committee have considered this subject on the proposals to make a general 6 *d.* rate for local traffic. Even in London, with its large wire and office accommodation, Mr. Fisher, the Comptroller of the Metropolitan Office, states that it would be impossible for him to provide for even twice the local traffic, which is, moreover, rapidly increasing at the 1 *s.* rate, the messages in March 1870 having been 13,978, and in the same period in 1876, 84,531. In other large towns the local traffic is insignificant. Thus, in Manchester, they do not exceed 160 in a week. A general reduction in rate would doubtless create such messages, which, however, could not be of the deferred class as proposed by Major Webber, because local traffic requires prompt delivery.

Beaufort, 3134. 3140.
Baines, 1917.
Winter, 849–860.
Graves, 1574.
Fisher, 2160. 2162.
Fisher, 2154.
Beaufort, 3142.
Hobson, 2759.
Baines, 1945.
Preece, 1605.
Hobson, 2716.

PNEUMATIC TUBES.

"26. In the present condition of telegraphic revenue they do not think it advisable to recommend a general 6 *d.* rate for local traffic. In large towns pneumatic tubes might be more freely used to lessen the pressure on the wires. By means of such tubes letters in the handwriting of the sender might be transmitted to various parts of a city and be delivered with the same speed as a telegraphic message. Though these pneumatic tubes are costly in construction, they are cheaply worked, because they do not require clerks, as in the case of wires, nor, like them, do they require frequent renewals; while they can be worked with simplicity, delivering the letter, by a single operation, and without the retransmissions and duplicate copying required in telegraphs.

Hobson, 2791.
Johnston, 4622.
Baines, 1989.
Winter, 948.
Stow, 3301–3312.

DIFFICULTIES OF LOCAL TELEGRAMS.

"27. In declining at present to make any recommendation for a general reduction to a 6 *d.* rate for short messages or for local traffic, they are guided by the present condition of the telegraphic service of the State. When the clerks in the offices have become accustomed to the management of their own instruments, and when, by a more enlightened system of training, they have an intelligent, instead of empirical, knowledge of the work which they have to perform, we do not doubt that there will be a large increase in the capacity of wires and instruments to transmit much more work than at present. Constant improvements in instruments are being made, and it is difficult to place a limit to the future capabilities of telegraphic operations. Automatic telegraphy, if the work be continuous, gives an enormously increased capacity to a wire, and by a proper combination

Graves, 1504. 1548.
Hobson, 2723–2748. 3057.

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Fisher, 2310. Johnston, 1696–1701. Graves, 1508.

of this system with hand-worked instruments, the capacity for work of the various offices will ultimately be considerably augmented, but at present they might break down under any largely increased strain of work produced by a sudden development of the system. It is due, however, to the Post Office authorities to say that they are constantly improving their telegraphic capacities for work, and that even now messages are transmitted with an efficiency and regularity which, a few years ago, would have been deemed impossible.

Express Messages. Hobson, 2773. Baines, 2018–22.

"28. The Committee have also had under review proposals to charge augmented rates for express messages, but they scarcely think that the increased revenue to be derived from these favoured messages would compensate for the doubts and uncertainties which the general public would experience in regard to the transmission of their ordinary telegrams.

Night and Sunday Messages.

"29. The Postmaster General proposes that an increased charge of 6 *d.* should be charged on messages handed in between 8 p.m. and 8 p.m., and also on those sent on Sundays, and he anticipates an increased revenue of 12,000 *l.* from this source. But as the offices at which such messages are received are those which must in any case be kept open, there scarcely seems to be a justification for this charge, which could only be maintained if there were new and necessarily increased charges to the State.

Railway Messages.

"30. A similar increase of charge of 3 *d.* on messages handed in at offices of railway stations is another official proposal. These offices are decreasing in number, and the charge of 3 *d.* for railway agency is therefore becoming a less important item in the accounts. Under these circumstances they doubt the policy of this proposal, especially as railway stations are not only used by the travelling public, but also by the residents of country districts in their vicinity.

Press Charges.

"31. A more important proposal to the Postmaster General is to increase the rates for transmitting news, which were fixed by the Act of 1868. The charges under that Act are 1 *s.* for 75 words of news messages sent during the day, and for 100 words during the night, and 2 *d.* for each copy of the same message wherever it may be sent. The proposal of the Postmaster General is to limit the 2 *d.* copy rate to copies delivered by hand in the same town, but to charge all messages sent to different towns at the above rates. The increased revenue which is expected from this change is estimated at 30,000 *l.* if a large reduction of work results from the change.

Patey, 3360. Lovell, 3926. Saunders, 4030–4033. Taylor, 3860. 3862. Lovell, 3946. Saunders, 4129. Macdonald, 4233. Patey, 3834–5. 3945. Lovell, 3956. Saunders, 4046.

"32. Upon this proposal we have received much evidence. It is contended that this alteration would be unfair to towns in which there was only a single newspaper, and that the towns with several papers, by dividing the cost of transmission, would have an undue advantage. The Post Office stated that it lost 20,000 *l.* annually by the transmission of news from news associations, from which it only received 35,000 *l.*, while the news associations state, that according to the present extent of messages sent, the increased charge would amount to upwards of 100,000 *l.* We had not before us sufficient evidence to justify us in coming to a conclusion that the loss of 20,000 *l.* has been clearly established. It appears to be certain, in the original transfer of the telegraphs from the companies to the State, that the Post Office, considering the former facilities offered by the companies for the transmission of news, promised exceptionally favourable terms to the press, as compared with commercial messages, and embodied them in the Act. But even then, the Post Office looked upon the newswork as self-supporting, and not as a source of loss. The witnesses, on the part of the press, admitted that they had no right to a service carried on at a loss to the State. Upon a review of the evidence, we consider, when the amount of the loss is clearly ascertained, that the copy rate should be increased so as to cover any deficiency in the service. This would be a preferable and more equitable plan than that suggested of charging full rates for each separate transmission, while it is but right the public should not incur loss in the transaction of newspaper work. There are obvious reasons why the press news should not be considered as sources of revenue to the same extent as private messages.

Patey, 4039.

A proposal has been made to alter the present system of counting, and the Committee are of opinion that it might, to a certain extent, and after due notice, be carried out without interfering with the intention of the Legislature, as embodied in the Act of 1868; without unduly raising the present charges for news messages; and with the effect of relieving the Post Office from a class of messages obviously unremunerative. The Act lays down that these news messages are to be transmitted 'at the rate of' 1 *s.* for 75 or 100 words by day or night respectively to one address, and 2 *d.* extra for each additional address. As this expression has been heretofore interpreted, all the words in a particular service have been counted together, and charged at the rate specified per 75 or 100 words as the case might be. Under this system, with a certain class of news it happens that many really separate messages, which require to be sent and delivered separately, are included in a single 75 or 100 words, and are charged for at the same rate as if they involved only one transmission, one set of addresses, and one delivery. To such an extent is this the case that one instance was adduced in evidence in which the Post Office was called on to deliver 1,640 messages for the sum of 1 *l.* 15 *s.* 2 *d.*, or one farthing each. Your Committee do not believe that this was ever intended or anticipated, and it is in no wise justified by the analogy of ordinary commercial messages. In their case a fixed minimum charge is made by the Post Office, whether the message consists of 1 or 20 words,

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words, and the Committee consider that a similar fixed minimum charge of 1 *s.* for one address, and 2 *d.* for every additional address might fairly be made for every message requiring separate transmission and delivery. By adopting this suggestion the Post Office would be at once relieved of the obviously unremunerative portion of its news traffic. If it were adopted your Committee see no reason why the system of service news messages might not with profit be once more extended to hotels. The Post Office, however, further proposes that each message handed in, whatever its length, should be charged separately. The result of this would be that the initial charge for a message of 101 words would be 2 *s.* This is neither charging 'at the rate' of 1 *s.* for 100 words, nor is it in accordance with the analogy of ordinary commercial messages, where, while a minimum charge is made for any number of words up to 20, the charge above that number is 3 *d.* for every additional five words. If, therefore, that analogy were pursued in the case of Press messages, an extra 3 *d.* would be charged for every 18 or 25 words above 75 or 100 to a single address, by day or night respectively, and an extra ½ *d.* for its transmission to every additional address. Such a mode of charging, or a word rate, would seem to be more in accordance with the practice of the service than the proposals made by the Post Office.

"III.—Financial Administration.

"33. By the terms of the reference the Committee understand it was not intended that they should investigate minutely the circumstances under which the capital of the telegraphs has been raised. The capital, originally authorised by the Act of 1869, was 7,000,000 *l.*, but this having proved insufficient, subsequent Acts have been passed (in 1871, 1873, and 1876), which authorise the capital to be raised to 9,750,000 *l.*, of which, up to the 31st March 1876, there had been expended 9,359,961 *l.* Hence there has already been spent 2,359,251 *l.* in excess of the sum estimated when the State purchased the telegraphs from private companies. But even this large excess is not all that ought to be added to capital. Capital Account. Blackwood, 5197. 6-5210.

"34. Financially considered, the extension of new lines of communication since 1873, the proportion of new buildings chargeable to telegraphs, the capitalised value of reversionary rights of railways, and, lastly, the pensions to redundant officers of the companies are all charges in the nature of capital. These amount to 711,575 *l.*, and would raise the capital actually expended to 10,071,536 *l.* Notwithstanding these conditions, the capital account cannot be considered as closed, for there are still outstanding claims of railway companies. Blackwood, 5212–5218.

"35. The Committee have not received any full and satisfactory explanation of these great differences between the estimated expenditure of 1869 and the actual expenditure incurred up to 1876. Certain undertakings have been purchased which were not contemplated, and extensions were rapidly pushed on, while the claims of railways were largely in excess of any contemplation. Blackwood, 5211.

"36. The attention of the Committee has been drawn by Sir William Anderson to the fact that the capital sums raised by the Acts of Parliament do not appear in the the National Accounts in the usual way. The ordinary rule is, that all monies granted by Parliament should first be paid into the Consolidated Fund, and issued from it under the usual guarantees. Instead of this course, Parliament authorised the National Debt Commissioners to retain the monies raised by them in their own hands, without passing into Her Majesty's Exchequer, and they have been issued as required without the checks provided by the Exchequer and Audit Departments Act. As the exceptional character of this arrangement has been already remarked upon by the Public Accounts Committee, no evidence on the subject has been taken. Anderson, Paper 10. Blackwood, 5198–5204.

"37. Having stated the present position of capital account, the Committee now turn to the receipts and expenditure. When the telegraphs were originally taken by the State, the number of messages was 6,000,000, and now they are 20,000,000. But although the revenue has largely augmented, the expenditure has, until lately, increased at a greater ratio, as the following figures show:— Revenue and Working Expenses. Blackwood, 5247-8.

	Revenue.	Working Expenses.
	£.	£.
1869-70 - - - - -	100,760	62,273
1870-71 - - - - -	690,934	394,477
1871-72 - - - - -	751,611	591,776
1872-73 - - - - -	978,076	874,946
1873-74 - - - - -	1,057,824	967,790
1874-75 - - - - -	1,123,794	1,071,347
1875-76 - - - - -	1,250,379	1,031,960

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Blackwood, 5261–2.

"38. By comparing the per-centage ratio of the increase of revenue and working expenses, the following results appear:—

	Revenue.	Working Expenses.
1871–72	7 per cent. increase	50 per cent. increase.
1872–73	30 „ „	47 „ „
1873–74	8 „ „	10 „ „
1874–75	6 „ „	11 „ „
1875 76	11 „ „	4 per cent. decrease.

ANNUAL DEFICIT.

Blackwood, 5266–7.

"39. The present increase of the revenue is about 10 per cent. per annum, though it is impossible to calculate how long this may continue. It is obvious that unless a vigorous attempt be made to decrease the working expenses, the condition of the Telegraph Department will remain unsatisfactory. Under the present system of accounts up to the 31st of March last the deficit upon the account of interest, which should have been upon capital, was 663,152 *l.*, so that the annual deficit has been about 100,000 *l.*, and that of the last financial year was 127,000 *l.* The Committee propose to return to the subject of working expenses further on.

GROWTH OF REVENUE.

"40. Perhaps the public have anticipated too rapid a growth of telegraphic revenue. The old companies charged rates which averaged 2 *s.* per message, and gave fewer words in the addresses, charging also porterage if beyond half a mile. The reduction in the price of messages, and the increased facilities offered to the public by a uniform 1 *s.* rate, bore some resemblance to the system of the 1 *d.* post, and led the public to expect similar financial success. Perhaps it is too early to predict either success or failure. After the reduction of postage to the 1 *d.* rate, the revenue fell off, and it took 33 years before the net revenue mounted to that of the last year of the old postage. Six years of the State telegraphs forms scarcely a long enough period to estimate their permanent financial position. Besides, the field for telegraphs is more limited than that for letters. Each person of the population sends, on an average, 30 letters a year, but it requires three persons to send two telegrams annually, according to the present experience.

IMPERFECT STATEMENT OF ACCOUNTS.

Blackwood, 5275–77.

"41. The accounts of the Telegraph Department as they are now presented to Parliament, contain charges, which, in the ordinary commercial undertaking, would be charged to capital, and they do not take credit for gratuitous work rendered to public departments, and which should appear as a set-off to working expenses. Thus the value of the free messages of the Government departments is 9,204 *l.*, and 16,809 *l.* are expended for special wires, maintenance, extensions, and workings of telegraphs for the Admiralty, War Office, and other Departments. The proceeds of this gratuitous work would appear in the accounts of a commercial undertaking, and the charges for extensions, &c., now placed to revenue would also be charged to capital. Until the accounts are exhibited on this commercial principle, the public will not know the financial condition of the service. The Committee have asked Mr. Blackwood, the Financial Secretary, to prepare an abstract of account in this form, and he makes the balance of profit for the last year's working 249,226 *l.* According to this view, if the telegraphs were worked by a commercial company, on their own, but not on borrowed capital, they would, this year, be able to declare a dividend of about 2½ per cent. It will be for the consideration of the Treasury whether it would not be well that a profit and loss account of this character should be appended to the simple cash account prepared under the authority of the Act of 1868. Of course it should only be done after a rigid audit by the Comptroller and Auditor General of Accounts, in order to prevent charges on revenue being placed to capital, and a more favourable aspect than is justifiable being presented to the public. According to the form of the present accounts the public must retain a very imperfect impression of the true position of the undertaking.

Blackwood, 5288.

RAILWAY AND STATE TELEGRAMS.

Patey, 3677–3693.

"42. With reference to the remarks now made, the Committee would suggest that negociations should be entered into to purchase from railways their right to send free messages; rights which they are assured are much abused. They think also it would be well to ask Parliament to vote specific sums for telegrams used by the departments of the State, as these charges ought to be brought into account.

REDUCTION OF WORKING EXPENSES.

"43. The Committee now return to the possibility of reducing the working expenses of the telegraphs. In the first portion of the Report considerable reductions have been indicated in the cost of the Engineering Department. But it is in the more economical working of the offices to which they look for a larger reduction. It is with this view that they have recommended the provincial telegraph office to be the unit of administration, and that districts should be superintended by local surveyors, and not by central officers of a separate engineering department. At the present moment there is a great variety in the work performed and in the expenditure of the offices for commercial traffic. Thus, Birmingham sent last year 14,000 more messages than Dublin; notwithstanding this, Dublin costs the country 9,184 *l.* a year more than Birmingham. If there be any explanation

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explanation of this in the fact that Dublin is a capital and Birmingham a provincial town, that ceases to apply to a comparison with Edinburgh. Now, Edinburgh sent last year about 50,000 messages more than Dublin, and yet cost the country 7,092 *l.* a year less than the latter capital. If we compare various provincial town, as shown in Mr. Scudamore's Report of 1872, with the returns given in the Appendix, there appears to be little relation between the increase of messages and the increase of clerks between 1872 and 1873, as the following few illustrations will show :— Paper 8.

	Increase per Cent. of Messages.	Increase per Cent. of Clerks.
Edinburgh	50	0
Birmingham	49	0
Liverpool	53	24
Manchester	58	29
Glasgow	73	21
Newcastle	71	19
Leeds	130	37

"A still more extraordinary example is to be found in Dublin. In 1872, the telegraph office in that city had 401 clerks. Now, in 1876, it has 286 clerks. Notwithstanding the large reduction, its cost is still much in excess of other offices. In the interval its messages have increased 46 per cent.

"These figures are only explicable on the supposition that there must have been a great redundancy of clerks in one place, or an unnecessary increase in other places. It is by a rigid examination of anomalies such as these, that we expect the provincial surveyors and the Surveyor General may produce great economy in the working expenses, as well as by increasing the capacity of the wires and working instruments.

IV.—Training of Military Telegraphists.

"44. The experience of modern warfare has made telegraphs essential to its successful operation. In recent continental wars military telegraphists are employed, not only for the purpose of keeping up constant inter-communication of the combatants, but also for facilitating the transport of provisions and the material of war. With less experience in war than the continental States of Europe, England, in its recent campaigns, such as that in Ashanti, could not have carried out its operations with the rapidity required for success, unless it had made free use of field telegraphs. Importance of Telegraphs in War. Von Chauvin, 2609. Simmons, 2837.

"45. In Germany and in France the field telegraphists in war are taken from the ordinary civil telegraphists of the State, who are then brought under military discipline and martial law. But in both these countries a large proportion of the State telegraphists have been soldiers, and are anxious for active employment in the field, or, as Mr. Von Chauvin states, 'The difficulty which we found whenever war broke out was not how to offer an 'inducement to our telegraph men to join the troops, but how to console those who were 'ordered to remain at home; they all wanted to go.' At the same time, the evidence seems conclusive that civilian telegraphists would not be likely to show the same alacrity for war, and are not so fitted as old soldiers to bear the hardships of a campaign, or to act with coolness before the enemy. In the words of Mr. Von Chauvin, 'Another reason 'which is very potent is, that you cannot expect a civilian who has made up his mind to 'be a telegraph man for the rest of his life, and to work in a peaceful occupation, to sit in 'front of an enemy who is firing away at him, and to risk his life for the purpose of send-'ing a couple of messages, whereas, a soldier who has made up his mind when he joined 'the army that one of these days he might have his brains blown out by a bullet, cannot 'expect anything else, and will sit down to his ordinary occupation.' Simmons. Von Chauvin. Simmons, 2344. Robinson, 4524. Webber, 2546. Von Chauvin, 2612.

"46. As it is admitted that a body of skilled telegraphists is essential to active operations in the field, the question of training them narrows itself to the consideration, whether they should be trained apart as military telegraphists, or whether the Post Office, which has the monopoly of telegraphic communication throughout the country, should afford to the War Office facilities for training mililary men in this art. Upon this point the military witness have no doubt; they state that, though they do train soldiers to telegraphic work, as a part of military organisation, the want of an enlarged practice in the art renders their amateur knowledge of little value for practical purposes. Training of Military Telegraphists. Simmons, 2340–1. Webber, 2430–1.

"47. These considerations prevailed with the Government in 1870, when, after negotiations between the War Office and the Post Office, the latter allocated the eastern divisional engineers district (englarged in 1872) for the purpose of training military telegraphists. At first, that division was looked upon in the light of a training district, and there, and in other parts of the country, six officers and 167 men were employed. This number was in excess of the requirements of the Post Office for the actual labour required in the allotted district, and as economical considerations were pressed on that department, Existing Facilities.

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Webber, 2461. reductions were made, and the force now stands at 4 officers and 43 non-commissioned officers and men.

Tilley, 91. Graves, 1379. "48. The Post Office has shown willingness to continue the employment of the Royal Engineers, and admits the efficiency of their work, though it doubts their economy as a point of departmental administration. In point of fact, if the contribution of the War Office and that of the Post Office be added together, the average cost of a Royal Engineer

Webber, 2499. engaged on the telegraphs is 110 *l.* per annum, while that of a civilian employed on the same work is 106 *l.* The cost in excess is 4 *l.* for each man, but for that sum annually the State has an armed and trained soldier ready at its call, while if he were kept unemployed, he would cost the State 44 *l.* a year. Viewed as a whole, the employment of Royal Engineers in the telegraphic service is distinctly economical. But departmentally, this may not be, and at present is not so. If a redundant number of civilians exist in the Engineering Department, it is obviously more economical to the Post Office to employ the redundant force on its own work, than to pay even the fractional figure of ·575 of the pay which it contributes to the military telegraphists. But looking to the future of the Department, this redundancy will soon cease. Even now, adjustments may probably remove the difficulty, for there is a vote of 30,000 *l.* for unestablished labour, as contrasted with 24,000 *l.*, for established linemen and mechanics. This would seem to indicate that the actual redundancy is in officers, not in men, and that the adaptation of the system to the training of soldiers ought to present little difficulty; for it is obvious that the established linesmen transferred from one district, might be employed in other districts, in

Graves, 1342. which, according to the evidence of Mr. Graves, temporary men are nearly peymanently employed. Another source of expenditure to the Department consists in the fact, that the cost of supervision of military officers has been large for the small area allotted to the Royal Engineers; but as the same number of officers could supervise a larger area, this source of expense could readily be lessened. In a strictly departmental view, there is a less charge to the Post Office than if civil labour were employed; for, according to the calculations of the Accountant General, the cost for salaries and wages in the other civil divisions of the country is 12 *s.* per mile of wire, and 17 *l.* per office, as compared with 7 *s.* 2 *d.* per mile of wire, and 10 *l.* per office under the Royal Engineers. Further economies to the Department would obviously result from the fact, that it would not be called upon to provide pensions for the men in the training district, as it would require to do if it were manned by civilians.

Joint Work of Civilians and Soldiers. Simmons, 2375. Webber, 2489. "49. Experience has proved, both in the trigonometrical survey and in the telegraphic service, that there is no difficulty in getting soldiers and civilians to work heartily together. Major Webber bears willing testimony to the excellent relations which have subsisted between himself and the postal surveyors, who have always afforded him every assistance.

Enlargement of Training District. "50. Assuming that it is considered an object of State policy to give facilities for training soldiers in the use of the State telegraphs, the numbers so employed should be augmented. The Treasury Committee which reported last year on this subject, came to

Simmons, 2340. Webber, 2428. the same conclusion. The War Office desire to have 100 construction men, and 60 clerks in general employment. This does not seem to be an excessive number even in the contingency of a sudden withdrawal of a considerable proportion in war. It is the principle of the mode of training employed, that there should be a constant current of men passing

Webber. through the training district. There are from 3,500 to 4,000 Royal Engineers in the United Kingdom; some 300 of these would, on the short period of service (eight years), be passing out of the army. It is obvious that in course of time there would be a reserve of men who had gone through a course of training, fitted to take charge of lines and offices in any emergency, without the necessity of paying high wages to civilians suddenly called upon to take the work of a district partially vacated by the military. A joint Committee

Simmons, 2348. of the War Office and Post Office has reported on the subject of enlisting telegraph boys into the ranks of Royal Engineers. It is proposed that such boys, who frequently acquire some knowledge of telegraphy, should be sent to Chatham to be trained as sappers, and then join the companies of sappers acting under the Postmaster General, and having served their time, should continue in it as reserve men. By such arrangements, which appear to give a promise of success, a class of useful and expert telegraphists might be secured.

"51. To employ 100 maintenance and construction men with economy, it would be necessary to increase considerably the area of the country supplied with Royal Engineers. With this view, it would be best for military and defensive purposes that they should be placed on the parts of our coasts which are most assailable in war, and which are most accessible to an enemy. It is in such parts of the country that our chief fortifications are placed, as well as the permanent camps. These would include an area of country comprising the eastern coasts as far as the Wash, and the southern coast up to the estuary of the Severn, with an inland line from Gloucester to London on the south, and from Peterborough to London on the east. Such an area is nearly coincident with the eastern, south-eastern, and south-western, and the western surveyors' districts, and would include also that part of the South Wales district on the southern part of the Severn. It would embrace the district occupied by the following railway companies: viz., The Great Eastern, South Eastern, Chatham and Dover, Brighton and South Coast, London

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London and South Western, South Western, and that part of the Great Western now in the southern engineering division, except South Wales.

"If this area were entrusted to the Royal Engineers, no exception should be made on their behalf to any separate administrative supervision. No doubt such a large area would require an officer of the rank of Major Webber, who now superintends the Eastern Division, and it might be necessary that this officer, acting as he does, in the interests of two departments, should have ready access to the administrative permanent heads of both. But, at the same time, it would probably be found convenient at once to place the force of Royal Engineers, in relation to the postal surveyors, in the manner we have recommended. The offices would be the unit for work, the districts of the postal surveyors, those for administrative supervision, and the subaltern officers of the Royal Engineers would be the technical officers of the postal surveyors in matters relating to the telegraphic work, and subject only to their superior officers in matters of military discipline, inspection, and organisation. By at once bringing such an area under the organisation which we have recommended, valuable experience would soon be obtained; and it would soon be proved whether such advantages are likely to follow, as the Committee anticipate by making offices responsible for their own wires and instruments, and local districts for the maintenance and construction of their own lines of communication."

DRAFT REPORT proposed by the Chairman, read a second time, paragraph by paragraph.

Paragraph 1, *agreed to.*

Paragraph 2, amended, and *agreed to.*

Paragraph 3.—Amendment made.—Another Amendment proposed in line 7, to leave out the words "sooner or later"—(Mr. *John Holms*).—Question put, That the words "sooner or later" stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 4.
Mr. Sclater-Booth.	Mr. John Holms.
Mr. Leveson Gower.	Dr. Cameron.
Mr. Cubitt.	Mr. Ripley.
Mr. Watney.	Mr. William Beckett Denison.
Mr. Cavendish Bentinck.	
Colonel Alexander.	
Mr. Charles Allsopp.	
Mr. Goldsmid.	

Paragraph, as amended, *agreed to.*

Paragraphs 4—5, amended, and *agreed to.*

Paragraph 6.—Amendments made.—Another Amendment proposed in line 5, to leave out from the word "division" to the end of the paragraph—(Mr. *Goldsmid*).—Question put, That the words "The Committee have reason" stand part of the paragraph.—The Committee divided:

Ayes, 10.	Noes, 3.
Mr. Sclater-Booth.	Mr. Ripley.
Mr. Leveson Gower.	Lord Robert Montagu.
Mr. Cubitt.	Mr. Goldsmid.
Mr. Watney.	
Mr. John Holms.	
Mr. Cavendish Bentinck.	
Dr. Cameron.	
Colonel Alexander.	
Mr. Charles Allsopp.	
Mr. William Beckett Denison.	

Paragraph, as amended, *agreed to.*

Paragraphs 7—8, amended, and *agreed to.*

Paragraph 9, *agreed to.*

Paragraph 10, *postponed.*

Paragraph 11, amended, and *agreed to.*

Paragraph 12, *agreed to.*

Paragraphs 13—20, amended, and *agreed to.*

Paragraphs 21—32, *postponed.*

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Paragraph 33, *agreed to.*

Paragraph 34.—Amendments made.—Another Amendment proposed, at the end of the paragraph to add the words, "It is to be hoped that these disputed claims may be settled without undue delay"—(Mr. *Charles Allsopp*).—Question put, "That those words be there added."—The Committee divided:

Ayes, 5.	Noes, 6.
Mr. Watney.	Mr. Leveson Gower.
Dr. Cameron.	Mr. Cubitt.
Colonel Alexander.	Mr. John Holms.
Mr. Charles Allsopp.	Mr. Cavendish Bentinck.
Mr. Goldsmid.	Mr. Ripley.
	Mr. William Beckett Denison.

Paragraph, as amended, *agreed to.*

Paragraphs 35—37, amended, and *agreed to.*

Paragraph 38, *agreed to.*

Paragraph 39, *postponed.*

Paragraph 40, amended, and *agreed to.*

Paragraphs 41—42, *postponed.*

Paragraph 43, amended, and *agreed to.*

[Adjourned till Friday next, at Twelve o'clock.

Friday, 7th July 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. John Holms.	Dr. Cameron.
Mr. Watney.	Mr. Ripley.
Mr. Charles Allsopp.	Lord Robert Montagu.
Colonel Alexander.	Mr. Cavendish Bentinck.
Mr. Goldsmid.	Mr. Sclater-Booth.
Mr. Leveson Gower.	Mr. Cubitt.

Motion made, and Question, "That Questions and Answers 4999, 5000, 5001, 5151 and 5152, be struck out of the Evidence"—(The *Chairman*)—put, and *agreed to.*

DRAFT REPORT proposed by the Chairman, further considered.

Postponed paragraph 10 *agreed to.*

Postponed paragraph 39, amended, and *agreed to.*

Postponed paragraph 41.—An Amendment made.—Another Amendment proposed, in line 14, to leave out the words "on their own, but not on borrowed Capital"—(Mr. *Watney*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 4.
Mr. Sclater-Booth.,	Mr. Leveson Gower.
Mr. Cubitt.	Mr. Watney.
Mr. John Holms.	Mr. Charles Allsopp.
Mr. Cavendish Bentinck.	Mr. Goldsmid.
Dr. Cameron.	
Mr. Ripley.	
Colonel Alexander.	
Lord Robert Montagu.	

Amendments, made.—Paragraph, as amended, *agreed to.*

Postponed

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Postponed paragraph 42, amended, and *agreed to.*

Amendment proposed, that the following new paragraph be inserted in the proposed Report: "The above recommendations seem to the Committee to arise from the evidence submitted to them, but it is obvious that changes of so much importance can only be usefully carried into effect after mature consideration and on the responsibility of the Postmaster General"—(Mr. *Sclater-Booth*).—Question, That this paragraph be inserted in the proposed Report,—put, and *agreed to.*

Postponed paragraphs 21—22, amended, and *agreed to.*

Amendment proposed, that the following new paragraph be inserted in the proposed Report: "Another opening for economy was pointed out by Mr. Montefiore, who stated that in Melbourne the system of sending out messages without envelopes, but closed and gummed, and addressed on the back, had been adopted with such satisfactory results, that it is proposed to extend it to the entire colony, and that a large saving in labour and stationery was effected by the change"—(Dr. *Cameron*).—Question, That this paragraph be inserted in the proposed Report,—put, and *agreed to.*

Postponed paragraphs 23—24, amended, and *agreed to.*

Postponed paragraphs 26—27, amended, and *agreed to.*

Postponed paragraph 28, *agreed to.*

Postponed paragraph 29, amended, and *agreed to.*

Postponed paragraph 30, *agreed to.*

Paragraphs 44—47, *agreed to.*

Paragraph 48, *postponed.*

Paragraph 49, *agreed to.*

Paragraphs 50—51, *postponed.*

[Adjourned till Thursday next, at Half-past One o'clock.

Thursday, 13th July 1876.

MEMBERS PRESENT:

Dr. LYON PLAYFAIR in the Chair.

Mr. Sclater-Booth.	Mr. Goldsmid.
Mr. Cavendish Bentinck.	Mr. Leveson Gower.
Mr. William Beckett Denison.	Mr. John Holms.
Colonel Alexander.	Mr. Watney.
Dr. Cameron.	Mr. Cubitt.

Mr. *George Chetwynd* was examined.

DRAFT REPORT proposed by the Chairman, further considered.

Postponed paragraph 48.—Amendment proposed in line 24, to leave out from the words "in a" to the word "engineers," line 28 (both inclusive)—(Mr. *Sclater-Booth*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 6.	Noes, 3.
Mr. Leveson Gower.	Mr. Sclater-Booth.
Mr. Watney.	Mr. Cavendish Bentinck.
Mr. John Holms.	Mr. Goldsmid.
Dr. Cameron.	
Colonel Alexander.	
Mr. William Beckett Denison.	

Paragraph *agreed to.*

Postponed paragraph 50.—Amendment proposed in line 2, to leave out from the words "the numbers" to the word "military," in line 14 (both inclusive), and insert the words "the present arrangement might be maintained, but at the same time it would be well if the soldiers employed were passed more rapidly through the department"—(Mr. *Goldsmid*)

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—instead thereof.—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 4.	Noes, 5.
Mr. Leveson Gower.	Mr. Sclater-Booth.
Mr. John Holms.	Mr. Watney.
Dr. Cameron.	Mr. Cavendish Bentinck.
Colonel Alexander.	Mr. William Beckett Denison.
	Mr. Goldsmid.

Words inserted.—Paragraph, as amended, *agreed to.*

Postponed paragraph 51.—Question put, That this paragraph stand part of the proposed Report.—The Committee divided:

Ayes, 3.	Noes, 7.
Mr. John Holms.	Mr. Sclater-Booth.
Dr. Cameron.	Mr. Leveson Gower.
Colonel Alexander.	Mr. Cubitt.
	Mr. Watney.
	Mr. Cavendish Bentinck.
	Mr. William Beckett Denison.
	Mr. Goldsmid.

Postponed paragraph 25, *agreed to.*

Postponed paragraph 31, amended, and *agreed to.*

Postponed paragraph 32.—Amendments made.—Another Amendment proposed in line 15, to leave out from the words "upon a review of the evidence," down to the word "service," in line 17 (both inclusive), and insert, "It has not been made clear to us that there is a loss upon the Press service, and it is asserted with some reason by the Press agents that the present arrangements are the results of discussion and compromise between the Post Office and themselves, and ought not to be altered. If it were clearly proved that a loss does accrue, and were considered essential to increase the revenue derived from the Press, the best course would be to raise the copy rate to some slight extent"—(Mr. *Goldsmid*)—instead thereof.—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 6.	Noes, 4.
Mr. Sclater-Booth.	Mr. Leveson Gower.
Mr. Cubitt.	Dr. Cameron.
Mr. Watney.	Colonel Alexander.
Mr. John Holms.	Mr. Goldsmid.
Mr. Cavendish Bentinck.	
Mr. William Beckett Denison.	

Another Amendment proposed, in line 18, before the word "while," to insert the word "and"; and in line 19, after the word "work," insert the words "considering the basis upon which the present news tariff was arrived at, it is equally undesirable that it should be increased to any greater extent than may be necessary, in order to protect the nation againt loss"—(Dr. *Cameron*).—Question put, That the word "and" be there inserted.—The Committee divided:

Ayes, 4.	Noes, 5.
Mr. Leveson Gower.	Mr. Cubitt.
Dr. Cameron.	Mr. Watney.
Colonel Alexander.	Mr. John Holms.
Mr. Goldsmid.	Mr. Cavendish Bentinck.
	Mr. William Beckett Denison.

Another Amendment proposed, in line 21, after the words "as private messages," to insert the words, "It should be remembered, however, that under any circumstances there probably could have been no loss on the Press work if the telegraph capital had not been so largely inflated, certainly without the Press being in any way in fault"—(Mr. *Goldsmid*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 6.	Noes, 3.
Mr. Leveson Gower.	Mr. Cubitt.
Mr. John Holms.	Mr. Watney.
Dr. Cameron.	Mr. Cavendish Bentinck.
Colonel Alexander.	
Mr. William Beckett Denison.	
Mr. Goldsmid.	

Amendments made.—Another Amendment proposed, in lines 43—45, to leave out the words,

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words, "If it were adopted your Committee see no reason why the system of service-news messages might not with profit be once more extended to hotels"—(Mr. *Cavendish Bentinck*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 4.	Noes, 5.
Mr. Watney.	Mr. Leveson Gower.
Mr. John Holms.	Mr. Cubitt.
Dr. Cameron.	Mr. Cavendish Bentinck.
Mr. Goldsmid.	Colonel Alexander.
	Mr. William Beckett Denison.

Paragraph, as amended, *agreed to.*

Amendment proposed, that the following new paragraph be inserted in the proposed Report: "Before concluding their Report on this branch of the subject, your Committee deem it proper to record their opinion that the true method of making the Telegraph Department remunerative is to be sought, not in the direction of curtailment of the facilities at present offered to the public or of increase of charges, but in that of increase of facilities and, at the proper time, diminished charges. The postal telegraph system differs from a purely commercial undertaking in this, that, as it was taken over by the State primarily for the convenience of the public, all increase of traffic which can be brought about without loss to the revenue adds to the national value of the system. Moreover, as the existing wires and staff are capable of undertaking a considerably increased traffic, and as it is impossible either to maintain or get rid of superfluous wires and operatives without heavy expense and loss, the desirability of developing the telegraph traffic of the country up to the full capacity of the system seems to your Committee to admit of no dispute"—(Dr. *Cameron*).—Question, That this paragraph be inserted in the proposed Report,—put, and *agreed to.*

Question, That this Report, as amended, be the Report of the Committee to the House,—put, and *agreed to.*

Ordered, To Report, together with the Minutes of the Evidence, and an Appendix.

EXPENSES OF WITNESS.

Name of Witness.	Profession or Condition.	From whence Summoned.	Number of Days Absent from Home under Orders of Committee.	Allowance during Absence from Home.	Expenses of Journey to London and back.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Mr. Richard Hobson	Postmaster	Glasgow	3	3 3 -	5 19 3	9 2 3

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MINUTES OF EVIDENCE.

Friday, 28th Avril 1876.

MEMBERS PRESENT:

Colonel Alexander.	Mr. John Holms.
Mr. Charles Allsopp.	Lord Robert Montagu.
Mr. Cavendish Bentinck.	Dr. Lyon Playfair.
Dr. Cameron.	Mr. Ripley.
Mr. William Beckett Denison.	Mr. Sclater-Booth.
Mr. Goldsmid.	Mr. Watney.
Mr. Leveson Gower.	Mr. Watkin Williams.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. JOHN TILLEY, C.B., called in; and Examined.

Chairman.

1. YOU are the Chief Permanent Secretary of the Post Office, are you not?—I am.

2. Who, under the Postmaster General, is responsible for the management of the telegraphs?—The two secretaries; the Secretary of the Post Office, namely, myself, and the Financial Secretary.

3. For the management of the general work, not finance, are you specially responsible?—I am; but I should say, in answer to that, that in practice the two Secretaries confer together on all matters of importance connected with Telegraphs or the Post Office before they are submitted to the Postmaster General.

4. Have you long taken charge of the Telegraph Department?—Since the autumn, when Mr. Scudamore resigned.

5. Practically, before that time, Mr. Scudamore managed the whole business of the Telegraph Department, did he not?—That was so.

6. Did Mr. Scudamore refer to you on any important matter, or did he act on his own responsibility?—He acted on his own responsibility in telegraph matters.

7. Who is your immediate assistant whom you look to for the carrying out of the administrative purposes of the Department?—Mr. Patey.

8. What rank has Mr. Patey in the office?—He ranks as one of the principal clerks in the Secretary's office. Perhaps his functions are somewhat those of an assistant secretary.

9. There are six in the upper section of principal clerks in the Post Office, are there not?—Yes, I think so.

10. And Mr. Patey is one of the six?—He is.

Chairman—continued.

11. Does every paper relating to the telegraphs intended for the Secretary first pass through Mr. Patey's hands?—No; the Telegraph business now is as much as possible mixed up with all Post Office business, and a great many matters are referred to other branches of the Post Office, each of which is under a principal clerk or an assistant secretary, such as appointments, discipline, punishments, or removals of men. They all go to the different branches.

12. Is there one common registry of letters in the Post Office and the Telegraph Department?—There is, for the Secretary.

13. Will you explain what happens in these different divisions which you have mentioned when letters addressed to the Secretary come to your office connected with the different divisions that you have specified; on whose responsibility are they distributed?—The letters which come to the Secretary daily are something over 1,200. They are opened, not by the Secretary himself, which is impossible—in fact, he opens no letters at all, but they are opened by persons in the Registry, and distributed by them to the different branches.

14. Then, if I understand you, the Registry Department has a discretionary power as to whether they shall send the letters to Mr. Patey or to each of the other branches which you have mentioned?—Yes, that would be so. If they do mis-send any they are transferred afterwards.

15. Still, if I understand you rightly, Mr. Patey is the officer who is mainly responsible for the telegraph business?—That is so; because the other principal clerks transact post office business as well as telegraph business, and the post office

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Mr. *Tilley*, C.B.

28 April 1876,

Chairman—continued.

business is the principal part of their business; Mr. Patey transacts telegraph business alone.

16. Is not the work of the telegraph department more distinct than several other sections of the Post Office to which you have allotted assistant secretaries?—I think it is somewhat more distinct.

17. Take, for instance, the Foreign Mail Branch, or the Home Mail Branch, is not the work of the Telegraph Department of a more distinctive character from the general work of the Post Office than either of those?—I think it is of a more distinctive character as regards the Home Mails, but not as regards the packets.

18. But inasmuch as to each of those branches you practically allot an assistant secretary, does it not appear that a mere clerk in an upper division is scarcely a responsible enough officer for such a large section?—I think very likely that is so; but when you say "a mere clerk," a principal clerk is a person of a great deal of consideration; just the same as a principal clerk in the Treasury is a very important officer; still he is a clerk.

19. That I am aware of, and I am not in the least doubting Mr. Patey's competence?—But it is as to the title that I am now speaking.

20. What are Mr. Patey's relations with the technical officers of the Department?—Mr. Patey must be considered in the light of lieutenant of the Secretary; and he is in constant personal communication with them; in daily communication with them; they consult him as to the different plans they are going to propose; ask his advice whether such and such a thing would be likely to be entertained by the Secretary or the Postmaster General, and so on.

21. I need scarcely ask you whether you must not be considerably guided by a person with the functions of Mr. Patey in regard to a department in which there is so much technical knowledge required, and so much detail?—Mr. Patey himself can hardly be considered as a technical officer; he has had no telegraph instruction; his opinion is that which an intelligent, well-educated man takes of the papers which he reads.

22. With considerable experience?—He is quite a young man, and has the experience of between seven and eight years' training; nothing more than that.

23. Now leaving the Secretary's office for the present, who is the highest technical telegraph officer in the department?—The engineer in chief, assisted by the assistant engineer in chief.

24. The engineer in chief is Mr. Culley?—Yes.

25. Will you enumerate the grades of skilled officers under Mr. Culley, commencing from below upwards?—The lowest people are the linesmen, the actual workers who lay down the telegraphs.

26. They are the mechanics and working men? Yes.

27. They form the units?—Yes.

28. And then above the linesmen what have you?—Above them there are the inspectors, some of whom are working men also, and most of them have risen, I think, from the linesmen.

29. They correspond to a sort of rank of non-commissioned officers, do they not?—They may perhaps be something like that; many of them are actually working men.

30. Still they receive 140 *l.* a year, do they not?—I cannot tell you at the moment what their wages are.

Chairman—continued.

31. Then above the inspectors who come?—Then there are two classes of superintendents, who I think may be considered more in the shape of non-commissioned officers, or perhaps officers of a low rank.

32. And their salaries are considerable?—There are two classes. The salary of the lower class is 200 *l.* a year going up to 300 *l.* a year; the salary of the higher class is 300 *l.* a year, going up to 450 *l.* a year.

33. You would not regard those as mere non-commissioned officers?—No, I think you must call those subaltern officers.

34. Above the superintendents who come?—Then we have the divisional engineers.

35. Who are seven in number, are they not, including Major Webber?—Seven; five in England, including Major Webber, one in Scotland, and one in Ireland.

36. I think I asked you to be kind enough to prepare a map showing the divisional districts?—Yes, it is in the room; there are three maps here for the use of the Committee.

37. Above the divisional engineer, come the engineer and assistant engineer of the head office?—That is so.

38. What is the course of business by which reports and demands for expenditure for work come up, first from the inspectors to the superintendents, from the superintendents to the divisional engineers, and from the divisional engineers to the head office?—Each class of officer reports to the grade above him. The superintendents would report to the divisional engineer; the divisional engineer would report to the engineer in chief, and the engineer in chief to the Secretary, if it was a thing that need go before the Secretary.

39. Do the divisional engineers ever report to the Secretary, or do they report always to the engineer in chief?—As a rule, they report to the engineer in chief.

40. And there is a separate registry of letters and of communications from the engineers in each office?—I have no doubt there is.

41. May I ask you whether it is not the case, that, quite irrespective of this Committee, the Post Office has for some time had the belief that the engineering force is over-staffed, and that inquiries have been made as to the possibility of reduction and economy?—I think we have been decidedly of opinion that it was over-staffed; I think since the present management; and I have no doubt that Mr. Scudamore had come to that conclusion; and quite early in the year the Postmaster General ordered two of our most able divisional engineers, Mr. Graves and Mr. Preece, to visit all the stations in the United Kingdom, and to ascertain what reductions could, in their opinion, be made.

42. Has that over-staffing of that department arisen from the desire to rapidly extend the system throughout the country, and the necessity of employing a large engineering staff to get that rapid extension?—A great many of the people, I think, were taken over from the old telegraph companies. It was thought as well to take them over and employ them as to pension them; but at the time they were making a great many extensions, and I believe there were no more men employed

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Chairman—continued.

employed than were absolutely required to carry out the work.

43. But now that the extensions are reduced to a minimum, a staff that might be very useful in extending the system through the country may be too large for keeping it up in a permanent condition?—Yes; and we think it is too large.

44. I see, on referring to some Papers in regard to the old companies, they had 534 persons to maintain 80,000 miles of wire; I think that now you have 590 persons to maintain 63,000 miles of wire; but at the same time you have, although not the immediate care, a general supervision, of 45,000 railway miles of wire in addition?—Those figures are correct, and the explanation that you give is correct.

45. But at the same time your men also maintain, do they not, the instruments and machinery inside the offices?—Yes, you may say they do.

46. The companies had, I think, 10,000 instruments, and you have 12,000 instruments; and although you are not a technical officer, I suppose you know generally that the 12,000 instruments are considerably more complicated at the present time than the instruments that the old telegraph companies employed?—They are so.

47. You have given us a general idea of what officers are employed in construction and maintenance; would you now describe the organization of the department employed in the transmission of telegrams, commencing from the bottom?—To commence from the bottom, you have the messengers who deliver the telegrams; then you have the instrument clerks in London or the provincial offices. In the provinces you have over these clerks the postmasters, and over the postmasters you have the district surveyors, and these district surveyors report direct to the secretary.

48. Then the district surveyors in that case are not district telegraph surveyors, but district postal surveyors?—Postal surveyors.

49. And the divisions of the postal surveyors are not at all coincident with the divisions of the telegraph engineers, are they?—No, the divisions of the Post Office surveyors are smaller than that of the divisional engineers.

50. Do I rightly understand you to say that the surveyors are responsible for the working of the instruments, the discipline and other matters connected with traffic inside the offices, but that the engineers have nothing to do but to maintain them, and put them right when they get out of order?—That is so; they probably would hear nothing of them so long as everything worked smoothly.

51. If the instrument goes wrong, and the clerk is not clever enough to put it right himself, he would then send for an officer of the divisional engineers?—If it were a simple accident which he could not himself manage, he would send for one of the linesmen. If he could not do it, he would give it to some superintendent, perhaps. Failing that, the instrument would go away to one of the factories.

52. But with that exception, a business which necessarily involves a great deal of technical knowledge, is divorced from the engineers who are supposed to possess that technical knowledge, throughout the country, and is in the hands of the postal surveyors, who may not necessarily know the technical science of the things which they are working, is not that so?—That is so.

Chairman—continued.

53. Is not that different from what the experience of the old telegraph companies suggested, when they used to find it advisable to make the practical men also superintend the traffic within the offices?—They merely had telegraph business to transact, and all their business was more or less of the same kind. I apprehend it was not so distinct as our Post Office business is from our Telegraph business.

54. But if large economies are to be made in the Telegraph department, must not you look more to get the large economies out of the traffic department, than out of the mere engineering department?—If you were beginning now for the first time, no doubt you would be glad to have your surveyors also technical officers.

55. But what I mean is with regard to finance; for instance, your total engineering expenses for salaries of staff are 106,861 *l.*, out of which you have admitted that considerable economies might be obtained; but your central station alone as connected with traffic, costs you 112,913 *l.*, and the traffic of your provincial post offices costs 454,653 *l.*, and the metropolitan post offices cost 75,967 *l.*; that is to say, the salaries and working of your commercial traffic are very far larger sums than the sum involved in your engineering staff, is not that so?—Yes.

56. And I suppose that you would consider that it is very important to see that that traffic is conducted with as great economy and efficiency as possible?—Certainly.

57. Have you lately taken a step in the Post Office in the hope of doing so by appointing a surveyor general?—I hardly think you can say that that step was taken for the purpose of any great economy; it was more to secure greater efficiency, I think.

58. What are the functions of the surveyor general?—The surveyor general is specially charged with seeing that there is no waste in the circuits, in the employment of an unnecessary number of men, or an unnecessary number of instruments; and he being a surveyor general, visits, or may visit, every place in the kingdom, irrespective of the district surveyors, and therefore he is to some extent a check upon the other surveyors, to show that there is no waste.

59. What is his full title?—Surveyor General of Telegraphs.

60. What is his salary?—£. 800 a year, rising to 1,000 *l.*

61. I think you have answered exactly what I wanted to obtain by my question; that that is precisely the sort of officer to whom I have referred; now how many assistants has he?—He has only been appointed since last autumn, and we have hardly made up his department yet; he gets assistance from the secretary's office as he wants it; but he has hardly any staff as yet.

62. Is that an office likely to develope?—Yes, it is in its infancy at present.

63. Is he practically acquainted with telegraph work?—Yes, he has very considerable knowledge; he was in employment connected with private telegraphs at one time, I think.

64. When was the office created?—In August last year.

65. From the fact that such a large portion of the telegrams come into London, I suppose, the controller

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Mr. *Tilley*, C.B.

28 April 1876.

Chairman—continued.

controller of the central station is an officer of some importance?—Yes, he is; the fact of his having about 1,500 people under him, shows that he must be an officer of very considerable importance.

66. You have another office, I see, of a separate character, the Controller of the Special Staff; what is that office?—It is his business to make arrangements for the transmitting telegraph business upon any special occasion, such as political meetings in the country, or race meetings, or any meetings where the local staff is not sufficient to deal with the business. He also is responsible for the Telegraph School.

67. In what relations does he stand to the technical branch?—He is immediately under the secretary; I do not think he has any special relation with that branch.

68. He must be a technical officer, must he not, to be able to change circuits?—And he is so.

69. Have you a large amount of stores?—A very large amount.

70. Have you a storekeeper?—No; they really are under the engineer in chief, but are chiefly managed by the assistant engineer in chief. Everything relating to stores and contracts goes to him.

Mr. *Sclater-Booth.*

71. I want to know a little more about this surveyor general. Is he supposed to have authority over the surveyors who work the service as well as over the engineers who conduct the repairs and extensions?—I do not think he absolutely has authority over either; he is an officer under the secretary, and the secretary would send him down at any time to make needful inquiries and communicate with the other officers; but we cannot say that he has authority over them.

72. As I understand you, you have two complete branches; one, the service of engineers, who conduct the repairs and improvements, and capital-expenditure of that kind; another branch of surveyors who superintend the working of the service, that is to say, the people who work the service in their districts?—That is only for Post Office purposes.

73. As to this officer you speak of, who is called the surveyor general, would you connect him with the surveyors or with the engineer?—I should connect him more with the surveyors.

74. He is as much a Post Office officer as a telegraph officer?—Yes.

75. Does he clash with the engineer in chief?—Not in any way; the engineer in chief would be concerned in the maintenance of the lines.

76, I want to know how these two great officers stand in relation to the principal clerk?—They would, I think, practically take certain instructions from him because he is supposed to speak in the name of the secretary.

77. But he is an officer of inferior salary?—He is.

78. Do they report to him or direct to the secretary?—They report to the secretary.

79. Then, I suppose, they are rather executive officers under the secretary?—They are so.

80. But you do not apprehend any difficulty from the principal clerk being in a subordinate position to them in point of standing?—I can only say that no difficulty has arisen hitherto.

Mr. *W. B. Denison.*

81. You say that the object of the appointment of the Surveyor-General is not to promote economy but rather efficiency?—I think when his office was created it was not with the special idea of economy, except that economy grows out of efficiency.

82. Whose business is it to see that no department of the Telegraph is over-stocked?—It would be the surveyor's in the first instance as regards the provinces.

83. I think you said that you took over from the old telegraph companies and the railways, a large proportion of their staff, and that that staff is now superabundant?—That is only as regards the technical people, the makers of telegraphs.

84. Have any steps been taken to reduce that staff?—We commenced early in this year; as I mentioned, we sent down two of our divisional engineers to see what reductions could be made at every station.

85. And is that reduction being made by the superfluous men being sent away, or would they be entitled to a pension?—A very large number of them would be entitled to a pension.

Colonel *Alexander.*

86. I should like to ask you a question or two with reference to the employment of the Royal Engineers. I see Mr. Scudamore said in 1871 that he had been requested by the War Office to carry out a system of training the Royal Engineers in the Postal Telegraph Department; can you tell the Committee what arrangements were made for carrying out the wishes of the Secretary of State for War?—I suppose the arrangement now in existence was made, that one of the divisions of England should be placed under the charge of Major Webber of the Royal Engineers, assisted by other Royal Engineers.

87. What was done to make this system of employing the Royal Engineers efficient?—I do not know that I can answer that except by saying that that division was handed over to him just as other parts of the country were handed over to the divisional engineers. They had to do the work, and they have done it.

88. Does the Post Office train the Royal Engineers with a view to instructing them in their duties?—I believe Major Webber does.

89. The Post Office does not interfere in that?—No.

90. Is the work that they perform the same as that performed by the civil servants?—Exactly the same.

91. And at the same cost?—Speaking generally I should say that they do the work as well and that their work is not more costly.

92. Is the training of the Royal Engineers a charge upon the Postal Telegraph Revenue?—The difference between their own pay and the pay that they would have if they were civilians is made up by the Post Office.

93. In the year 1872 was it the opinion of the Post Office that the allotment of a division to the Royal Engineers would create a redundancy in the civil employés of the Post Office?—I cannot answer that precisely. Of course it does have that effect.

Mr. *John Holms.*

94. May I ask you, can you inform the Committee how much the capital amount now expended upon the telegraphs has been?—I would much rather that question was asked of the Financial

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Mr. *John Holms*—continued.

cial Secretary; he will answer any questions in respect of finance.

95. As regards the question of how the telegraph expenditure is detailed in the estimates, is that Telegraph Budget made up in your department?—It really would be prepared by the Accountant General and the Financial Secretary; but undoubtedly there would be a Budget of that kind.

96. Would you have the preparation of it?—No.

Mr. *Watney*.

97. I think I understood you to say that you had several classes of men, lines men, inspectors, superintendent, divisional engineers, engineer, and the secretary at the head, and that these classes all reported to the class immediately superior to themselves?—Yes.

98. Does that class exercise its own discretion as to sending up the report or not?—I should not think the lower officers exercise that discretion; no doubt the divisional engineers, people of that class, would exercise a considerable discretion whether they would think it necessary to send on the report to the engineer in chief, and he again would exercise discretion whether he would send on a report to the Secretary.

99. So that it might be the case, that the lower officers would think that some alteration could be advantageously made which might never reach the Secretary?—That is possible.

100. What steps does the Secretary take to make himself acquainted with the management of the lower departments of the telegraph?—I think, in such matters as that, he would generally trust to the divisional engineers. They are travelling officers, and they would see, or ought to see, anything wrong as they go about.

101. Do you think that system works well?—I have no reason to believe that it works otherwise than well.

102. One question about the stores; I think you said there was no storekeeper?—There is not.

103. Perhaps that is in the hands of the assistant engineer?—I think the engineer in chief is really responsible; but I think the assistant engineer chiefly manages the stores.

104. Has he sufficient time to give to that?—I think so.

Mr. *Allsopp*.

105. Who is responsible for the purchase of the stores?—In the first place, I think this gentleman I mentioned, the assistant engineer in chief, but then he would report to the Secretary, and the Secretary, in such a matter as that, would report to the Postmaster General. No stores would be bought without the sanction of the Postmaster General.

106. As you have no storekeeper, have you any means of ascertaining what stores there are in hand, and where they are?—I believe the assistant engineer in chief will tell you that he has most ample means.

Mr. *Ripley*.

107. I think you said you preferred the Financial Secretary answering any questions on finance; otherwise I was going to ask you the cost of the working of the telegraph each year since it was taken over by the Government, and the receipts; but you would prefer leaving that to him?—Yes.

108. At the time of Mr. Scudamore leaving the department was the entire management in his hands, so that any changes in the charges of transmitting telegrams were left to him?—Only in his hands under the Postmaster General. The Postmaster General was as much responsible for the telegraphs then as he is now.

Dr. *Cameron*.

109. You think that there is a great superfluity in the engineering staff?—That is our impression.

110. Is it not the case that there is an equally great superfluity in the other staff, in the working staff, and in the wire-force of the telegraphs?—We have no reason to suppose that there is.

111. Is it not the case that many clerks do three or four times as much work as other clerks, and that many wires do not do one-tenth as much work as other wires do, or as they could do?—I am not aware of that, and am hardly prepared to think that it is so.

112. Is it necessary to have three account offices throughout the United Kingdom, one in Edinburgh and one in Dublin, as well as in London?—You are not speaking of telegraphs now, are you?

113. Yes, telegraph accounts?—The accounts in Ireland and Scotland are kept by the accountant, who is the accountant for the Post Office.

114. But are there not separate telegraph and postal accounts all through the kingdom?—Yes.

115. And was it not on that account that the distinctive telegraph stamp was introduced?—In order to avoid accounts.

116. I understand you to say that there is an accountant's establishment in each of the three kingdoms?—So there is, but he is the accountant for the Post Office Revenue as well as the Telegraph Revenue.

117. Would it not be possible for the whole to be consolidated, so far as the telegraph is concerned, in London?—It is quite possible that the accounts altogether should be consolidated, but it was tried once, and the Government were almost eaten up for it by the people of Dublin and Edinburgh.

118. Putting aside the question of metropolitan sentiment, could not an economy be effected by consolidation of the departments in that respect?—I do not think a very large economy could be; and it is coupled with a certain amount of inconvenience.

119. On looking over the accounts I find that in some places the proportion of highly paid persons was very much greater than in other places. In London I find, for instance, that the proportion of clerks receiving above 140 *l.* a year is something like one in eight, and that the proportion is very much less in other places. Now, assuming that to be a matter of fact, could not considerable economies be effected by a more equal distribution of the highly paid and therefore presumably more competent clerks throughout the various offices in the kingdom?—No doubt you might level up by paying the people in the provinces as much as those in London; you could not level down very well.

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Mr. *Tilley*, C.B.

28 April 1876.

Dr. *Cameron*—continued.

120. Could you not level down by distributing the highly paid competent clerks who are now crowded together in London through the various provincial offices and recruiting for London in the ranks of the clerks that are paid lower in the provinces?—No, I do not think you could; because when people came from the provinces to London they would expect London pay.

121. Could you not recruit in London as well for the low-paid ranks as for the high; the proportion in London of the highly paid clerks is very much greater than it is in Glasgow, Birmingham, and so on, is it not?—I daresay it is; but the plan has been always to get the work done both there and in London as cheaply as we can. It does not affect the telegraphs any more than the Post Office, or any other public service, I take it.

122. You say that the provincial postmasters have considerable duties in connection with the telegraphs?—Yes.

123. Is their time fully occupied with their duties, altogether occupied?—Fully, I should think, in the large towns.

124. A postmaster in a very important town once stated in my presence that he had not work that would occupy him properly for a couple of hours a day; should you believe such to be the fact?—I should be inclined to disbelieve him.

125. Do you not think that the postmasters would undertake the surveyorship of a district and attend to the telegraph operations of that district?—I am quite sure they could not without neglecting the duties for which they are paid.

126. Assuming this gentleman's statement to be accurate about the two hours per day, assuming that they could attend to a district in their own locality, would it not conduce greatly to the efficiency of the Telegraph Department in that locality to have the clerks at both ends of the wire under the control of one officer?—I do not think any officer could undertake it in the way you suggest.

127. At the present moment is not the postmaster in Manchester entrusted with the control of the clerks in the Manchester office, and are not the telegraph clerks in the neighbourhood of Manchester under the control of a separate official?—In the neighbouring towns they are; but in the small places where there are also telegraph offices near Manchester, those telegraph clerks are under the control of the Manchester postmaster.

128. That is not the case all through the country, is it?—I think it is at Manchester, and at Glasgow also.

129. Within the limits of Glasgow I think that that is not the case, and the consequence is that while the postmaster there has the control of the clerks in his own office, he has not the control of those at the end of short circuits in connection with Glasgow, and consequently any complaints had to be made through Edinburgh, and correspondence is necessitated which otherwise would be avoided; is not that so?—That may be so, and some possible inconvenience may sometimes arise; but the evil of taking the postmaster away from his town in order that he may go and look after these little places, would be very much greater than the evil now existing, if there be any.

130. As to the economy, I mean; there would be more economy, would there not?—I do not think there would be any economy.

131. In inquiring into some matters connected with the Glasgow post office, I found that a superintendent who was stationed in the post office at Glasgow, if he wished to communicate with the postmaster in the Glasgow post office had to communicate first with the postmaster in Edinburgh, who communicated with somebody else, and finally the communication reached the postmaster in Glasgow?—I think that is putting it in an extreme way. If the postmaster in Glasgow, or anywhere else, chooses to make difficulties, he can. There is no doubt he can always walk into the room of his superintendents and obtain any information he desires.

132. Are not the greater portion of the returns from the different parts of Scotland sent in to Edinburgh, copied out there, and sent on to London, instead of coming direct?—There may be some waste of power in that way, but there being one divisional engineer for Scotland, the papers originating at Glasgow naturally go to him.

133. If that were done away with, would they not naturally come direct?—If we had a smaller number of divisional engineers we should probably to a certain extent cure that.

134. Is not a very large proportion of the engineer's time taken up in correspondence and book-keeping?—I think we have more divisional engineers than we want. When you reduce the number of those engineers you will undoubtedly reduce the amount of paper-work.

135. The divisional engineers are only seven in number, and need not be so numerous as the superintendents; can the superintendents be reduced?—We think there are more superintendents than we want. The argument that we use with respect to the divisional engineers applies also to the superintendents, that they can be reduced.

136. But at the present moment they are occupied to a large extent on paper-work, are they not?—There may be more paper-work than is necessary. All that is being looked to.

137. About the special staff, is that special staff necessary?—They have done very useful work hitherto. It is just possible that amongst the other changes they might be put under the controller of the central station.

138. It must be an expensive thing sending the special staff to such places as Dublin, Manchester, or Glasgow; do you not think that the postmaster and the telegraph staff in those large towns are quite competent to look after any special arrangements?—Yes; and in the last few months we have very much diminished the practice of sending the members of the special staff about; we seldom do it to any distant place. In Scotland we have done it from Edinburgh and Glasgow; from Birmingham even we have done it for places in that neighbourhood.

139. I understand that if you want to do special work at Paisley, which is six or seven miles from Glasgow, you send an officer to do the special work from Edinburgh, thereby incurring the cost of his journey there and journey back and his lodging, whereas by sending a cab from Glasgow to Paisley you might save all that, might you not?—Possibly.

140. That would be an evil resulting from the separate metropolitan office in Scotland?—Not necessarily, because you may keep the offices as they

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Dr. *Cameron*—continued.

they are, and have a few more telegraph clerks at Glasgow than you now have.

141. But I understand that the work at Glasgow could be done with fewer clerks?—If there are more telegraph clerks at Glasgow than are wanted, the postmaster is the person to blame; he ought to have brought it before us; it may be as you say, but we ought to have heard of it.

142. Is it not the fact that the number of clerks in any one office is determined to a large extent by the number of clerks in the offices with which it has communication, or by the system of working in the various offices with which it has telegraphic connection?—It is determined by the number of instruments, of course.

143. For instance, if all the work between two towns could be done along two wires, and if the Postmaster at A. is anxious to do that work along two wires, but the Postmaster at the superior office (B.) wishing for extra speed, or for any other reason, decides to have five wires, it would be necessary for the Postmaster at A. to keep five wiremen while he might be able to get, by his plan, the work done by two; is not that so?—If that does exist it is a fault in the arrangement of the circuit, and the Surveyor General is exactly the person to look to that; and if his attention was called to it, he would go to Glasgow, or to any other town where that was so.

144. It is a fault of the arrangement of the circuit, you say; now is it not the fact that in the case of many circuits there are not 25 messages sent per day, and yet two clerks are kept engaged, one at either end?—I cannot answer that; but the Surveyor General is looking very closely at that. He is a newly appointed officer; but no doubt he would look at that throughout the kingdom.

145. Assuming that state of things to exist, that there are many wires along which I will say 50 messages are not sent per day; 50 messages could be easily sent in a couple of hours; but you cannot get rid of your extra clerks without pension?—You cannot.

146. And you cannot get rid of your extra wires; that would be a costly proceeding. Would it not be the true plan to utilise the wires and the staff to the fullest extent by getting extra business?—Of course if we had wires that are not fully occupied we should be very glad of more business, obviously.

147. And the way to get more business would probably be not by an increase of price but by a reduction of price?—More business, certainly; whether more clear revenue is another thing.

148. Assuming that the present number of clerks and the present number of wires could do three times the work, would not that be so?—That is an assumption on your part.

149. Then there is another source of expense, the School of Telegraphy; that costs a considerable amount?—Yes.

150. Is that necessary?—I do not think that at present we could do without it; whether the time may come when we could, I cannot answer.

151. Have you never heard complaints as to the inefficiency of officers trained at the Telegraph School, that they learn simply the mere mechanical manipulation of their instruments?—I think there are people that can answer that question better than I can.

152. I suppose you do not know anything of the proportion of superintendents to the teachers in the Telegraph School?—No, I do not.

153. You have another special department in London, or an office for the superintendence of private wires?—We have a surveyor of private wires.

154. Do you know about railway messages; at the present moment I understand that railways are entitled to get their messages sent free?—Yes.

155. But, on the other hand, you have to pay 3 *d.* commission on every message sent to a railway station?—Yes.

156. That is besides the 1 *l.* per mile for wayleave, and 1 *l.* per mile for the maintenance?—Something like that.

157. Moreover, you have to pay for the carriage of material and the fares of your linesmen?—Yes.

158. Do you get any advantages from the railway?—No, I do not know that we do; but it is all the result of bargain or arbitration.

159. Is it necessary to keep on so many railway stations as telegraph offices?—We are reducing them wherever it can be done without inconvenience to the public by closing them, because we pay this 3 *d.*

160. I think there is a proposal for the Post Office itself to charge an extra 3 *d.* commission on messages sent down to the railway stations?—We recommended that to the Treasury.

Mr. *Leveson Gower.*

161. I suppose the difference in the expense of living in the different localities was taken into consideration when the remuneration was fixed at this point of those employed by the Post Office?—No doubt that that was so.

Mr. *Goldsmid.*

162. When Mr. Scudamore was at the Post Office, did you know anything about the business of the Telegraph Department?—Next to nothing; I think I may say I knew nothing about it.

163. When the telegraphs were taken over by the Government, did you know anything about the arrangements that Mr. Scudamore made?—No.

164. Did you know anything about the appointments that he made?—No.

165. Did you know anything about the number of persons employed?—No. I think I may say generally that I knew nothing about the management of the telegraphs. Mr. Scudamore managed it with the Treasury or the Postmaster General.

166. And, therefore, any information that you are able to give the Committee is information acquired by you since last October?—That is so.

167. Consequently, it is not any use my asking you any questions about anything that happened before last October?—No.

168. Who will give me the information about that?—With respect to the finance, probably Mr. Chetwynd, the Receiver and Accountant General.

169. But as to the management, I mean?—I should think Mr. Baines, the Surveyor General; he was the principal clerk at the time immediately under Mr. Scudamore.

170. Mr. Baines is the only person who knows anything of the management under Mr. Scudamore,

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Mr. *Tilley*, C.B.

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Mr. *Goldsmid*—continued.

you think?—Mr. Patey knows something about it; but Mr. Baines was above Mr. Patey.

171. How long has Mr. Patey been employed in the department?—Since the time when the telegraphs were taken over.

172. Mr. Patey was under Mr. Baines, you say?—He was.

173. Is Mr. Baines the head of the department, or you?—I am.

174. But you tell me you have not much knowledge of the business, except what you have acquired since October?—That does not hinder my being the head of the department.

175. You direct everything that occurs in the Post Office in telegraph questions, do you?—I decide on those things which are brought to me

176. By whom brought?—By Mr. Patey.

177. He decides whether they shall be brought to you, or not?—He uses a discretion.

178. Consequently, he practically decides whether he will settle the matter, or whether it shall be submitted to you?—Not quite so, because everything concerning money has to go not only to me, but also to the Postmaster General—I am speaking of the management absolutely.

179. I am speaking of the management absolutely?—He knows that he is bound to come to me on any new question, or anything at all likely to lead to discussion or change of system.

180. I want you to go into the question of general management; upon general management, it is Mr. Patey who settles those questions which come up to the general office, unless he considers them of sufficient importance to put them before you?—That is an extreme way of putting it; he could dispose himself of a great many questions which he does bring to me, because he is an officer of the Secretary.

181. I am not bringing any accusation against you; you have a great deal more to do than can be expected, even of a man of your ability; I want to know whether it is not the case that Mr. Patey settles those questions in the way I have mentioned?—I think not.

182. As I understand you, Mr. Patey brings before you such matters as he thinks it desirable on the question of management to submit to your notice?—He brings to me such things as he feels bound to bring to me; no doubt he brings to me a great many things that are not necessary to be brought to me; but being an officer of the Secretary, he does so.

183. With that exception, Mr. Patey has the management of the department?—No doubt in the ordinary routine of business he would decide.

184. Then, as I understand you, Mr. Patey is one of six principal clerks in the Post Office?—Yes.

185. Would you tell me what the other five gentlemen do who are in the same position?—The senior of them is immediately under an Assistant Secretary, and he has the management of the packets and the colonial business, and all the foreign business, foreign treaties, and contracts with packets; the next principal clerk has the management of what is called ordinary correspondence: that is, complaints from the public as to the delay of letters.

186. Writing to say that a thing shall be inquired into; the usual answer, I suppose?—He has between 20 and 25 clerks under him. The next gentleman, Mr. Baker, is the head of what we call the Buildings Branch; he deals with

Mr. *Goldsmid*—continued.

questions of building new post offices, or enlarging buildings, whether for Telegraph or the Post Office, and all salaries of postmasters, and wages to all people whether telegraph clerks or post-office clerks; then Mr. Joyce has the control of the discipline, appointments, promotion, dismissals; anything, in short, affecting the conduct of anybody in the whole service; then Mr. Sifton is the principal clerk immediately under the Assistant Secretary, who has the control of all railway arrangements, and agreements with railways as to mails; then comes Mr. Patey.

187. Mr. Patey is the junior principal clerk?—He is.

188. When these other five gentlemen have the business of the department to attend to, do they settle, in the same way as Mr. Patey does in regard to telegraph business, everything which they think they can settle, and only bring the remainder to you upon their own responsibility?—Precisely in the same way.

189. Therefore of course the business in the five sections is exactly the same?—It is so.

190. How do these gentlemen sign; do they sign in their own name, or for you, or how do they sign?—I think references they sign in their own names, and letters to the public.

191. All six of them?—Each in his own branch.

192. Mr. Patey, therefore, would sign in answering a letter on telegraph business, not for you, but on his own account?—I daresay he writes "for the Secretary" after his name; but if you, for instance, were to complain that your telegrams had been wrongly delivered, he would inquire into that, and answer you.

193. Then you say that all these six different gentlemen have exactly the same responsibility in their six separate departments?—That is so; discretion as to what they shall bring the Secretary, just as the Secretary uses a discretion as to what he shall submit to the Postmaster General.

194. And in your opinion the management of the telegraphic business is not more important than any one of the other five branches that we have been speaking of?—I said, in answer to a question of the Right Honourable Chairman, that I thought it was rather more important.

195. Yet you think it sufficient that a gentleman, who is only the junior of these principal clerks, should have the entire management of that branch?—I think it works very well at present.

196. How long has this arrangement existed, only since October?—I suppose it existed very much in Mr. Scudamore's time; only it happened not to be Mr. Patey, but Mr. Baines then.

197. You told me you did not know much about it before October?—I must have known what clerks were actually doing the work, although I might not know all the details.

198. Would you kindly tell me what you know on the subject of the large number of appointments that were made in the Telegraph Department of the Post Office immediately after the taking over of the telegraphs by the Government?—Just this, that Mr. Scudamore wanted a large number of persons; without them, he could not have done the work entrusted to him, and so he obtained their services.

199. You

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Mr. *Goldsmid*—continued.

199. You do not know anything about their appointments?—I know that much.

200. Who selected these gentlemen; did Mr. Scudamore?—I do not think that he selected them himself. If people came to him, and said that they wanted assistance, he told them to get assistance; I do not think they were people whom he knew.

201. As far as these appointments go, you say that the course was that Mr. Scudamore was told by different departments that they wanted assistance, and then he told them to get it, and they employed whom they liked?—They employed people who I suppose their chiefs were satisfied were capable of doing the work. It happens that they were all very useful people; and I suppose some care was taken in appointing them.

202. Is that the usual way of appointing to Government offices?—No; the usual rule is that every person should go through the Civil Service Commissioners.

203. Did you know anything about the terms which were arranged on those occasions?—A great many of these large numbers of people were telegraph clerks in the country offices, I fancy.

204. Can you tell me how many departments or sections there are with regard to telegraph business?—I do not exactly follow what you mean by "departments."

205. In the Post Office you have told us there is a head of packet business, and that that department is divided into so many sub-heads; I should like to know how many general heads you have, and how many sub-heads for telegraph business?—The principal clerks I was speaking of are clerks under the secretary.

206. I want to confine myself to management; you have answered the other Members of the Committee on the subject of the maintenance of the lines and the surveyors, but I want to know your general management, the number of departments that you have; will you tell me in the secretary's office how many departments you have; have you under Mr. Patey, for instance, an accountant's department?—Not under Mr. Patey.

207. How many departments have you with regard to telegraph business; that one to which I have just referred is not under Mr. Patey you say, so that there are two already?—You said just now "in the secretary's office," Mr. Patey is a clerk in the secretary's office; Mr. Patey, has only a certain number of clerks under him, 30 perhaps.

208. But has each of those gentlemen got a separate section of the business to attend to?—A certain number of them are employed in writing such letters as I described just now, as would be sent in the event of your telegram being wrongly sent, and a certain number I presume are employed in reading the reports from the divisional engineers; but they are merely clerks.

209. I find this under "Vote 5, Post Office Telegraph Service," in the Appropriation Accounts for 1874-75, "Sub-head A, Secretary's Offices; Sub-head B, Account Departments; Sub-head C, Maintenance of the Postal Telegraph System; Sub-head D, Railway Companies; Sub-head E, Central Telegraph Station, London; Sub-head F, District and Branch Post Offices, London." Then there is this heading: "Sub-

Mr. *Goldsmid*—continued.

heads G and H, Provincial Post Offices; Sub-head I, Special Arrangements Staff; Sub-head K, Telegraphic Instruction; Sub-head L, Uniform Clothing, Stationery, Small Stores, &c.," and then there is Sub-head M, Sub-head N, and then "Sub-head O, Telegraph Works;" therefore I find all those different sub-heads; I want to know under whom the sub-heads come?—You must ask me each separately. The Account Sub-head is under the Receiver and Accountant General.

210. Is Mr. Chetwynd under you, or not?—Everybody is under the secretary.

211. Then these sub-heads are under you?—I think your question was as to what was under Mr. Patey.

212. You told me everything passed through his hands to you?—I said telegraph business intended for the secretary did.

213. Under whom are these different sub-heads, I ask?—Anything under accounts would be under the Receiver and Accountant General.

214. Perhaps you may say that these sub-heads in the Estimates do not correspond with the divisions in your department?—I dare say they do not.

215. Then will you kindly tell me what the divisions of your department are?—When you say my department, do you mean the secretary generally or the secretary's office?

216. I want to know how the telegraph business is managed; and one naturally looks to the head of the department, and a man of great ability in the public service to help us to that knowledge?—I will answer every question if I understand it.

217. I want to know how that telegraph department is divided; for instance, will you kindly inform me with regard to the Central Telegraph Station in London; the internal management of that, under whom does that come?—Under Mr. Fischer.

218. Who is Mr. Fischer?—The controller of that department.

219. And does Mr. Fischer refer direct to you, or to whom?—If he required any interference on the part of the secretary he would refer direct to me.

220. Therefore there is a department distinct in itself, with a head, namely, Mr. Fischer?—That is so.

221. Does this gentleman also manage the district and branch post offices?—I think he has the Stock Exchange telegraph office under him, but none others.

222. Who manages those?—As in the country the post offices are under the surveyor, so in London the post offices are under the metropolitan surveyor.

223. Then supposing it was a question of additional accommodation being required in buildings for telegraph business, whose business is that?—The surveyor of the metropolitan district would report to the secretary, and it would be dealt with in the building branch.

224. By the secretary?—By the secretary, assisted by the chief clerk of that branch.

225. Who manages the special arrangements staff?—The controller, Mr. Johnston, who has the control of special arrangements.

226. And he also manages the telegraph instruction?—He does.

227. I think you said that he also had to

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Mr. *Tilley*, C.B.
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Mr. *Goldsmid*—continued.

manage the telegraph stores?—No; that is Mr Winter, the assistant engineer in chief.

228. And I think you said that no purchases of stores were made without the knowledge of the Postmaster General?—Of the Postmaster General.

229. How in the world can the Postmaster General know what stores are wanted?—If more stores are wanted, a report is made to the secretary and it is submitted to the Postmaster General for his sanction.

230. How can the Postmaster General control it?—He trusts to his officers.

231. Just as much as the First Lord of the Admiralty, or the head of any other office trusts to his officers?—I suppose so.

232. Then, as far as that goes, the assistant engineer has the entire control of the purchases, has he not?—He is only a second officer; he has very much the management of it; but you must take the engineer in chief as the head.

233. Have great complaints been made to the Treasury of the management of this department of the stores?—I am not aware of that.

234. Was no committee appointed last year, or the year before, to inquire into this matter?—I believe there was a committee on the stores generally, of which the financial secretary was the chairman; but not a telegraph committee especially.

235. I am speaking of a committee that sat to inquire into the management of telegraph stores; are you quite sure that they did not report upon that particular branch?—I was not aware of that; but the financial secretary will tell you that.

236. Will you be good enough to make inquiries, and bring up that report to the Committee?—The financial secretary tells me now that there was a report on telegraph stores.

237. Will you produce that report?—Yes.

238. You have not that report here?—No.

239. And none of your assistants have it here?—No.

240. Then I want to know, at the present moment, who regulates the number of employés in the telegraph department?—The head of each department would make a report if he required more assistance than he now has, and it would be inquired into and ascertained whether it was needed.

241. By whom?—By the secretary.

242. What steps would the secretary take to inquire into that?—He would cause inquiry as to the amount of business as compared with the number of people employed; and then if he thought that there was a necessity for increase he would recommend the Postmaster General accordingly; and the Treasury would be asked to grant the increase.

243. And who would make the appointment; who would select the person who was to be promoted or appointed?—It would be open to competition from outsiders going up to the Civil Service Commissioners.

244. If you want to create a new office, who selects the person to be appointed or promoted; take the case of Mr. Baines, for instance, to whom you have referred?—After talking the matter over with the Postmaster General, I recommended the appointment of Mr. Baines.

245. In one of the ordinary departments of the telegraph, when you want to make additions or promotions, how would you settle it; you would not even know the names, would you?—I should not know the names, considering that we have 40,000 people under us, but I should refer to books, and be able to advise the Postmaster General whether such and such a promotion should be made.

Mr. *Goldsmid*—continued.

246. Somebody must suggest you a name in the first place in each section?—I dare say.

247. Who would do it; the head of the section?—If it were in the Accountant's Office, it would be the Receiver and Accountant General; and if in the Central Station, it would be Mr. Fischer, the controller of the Central Station.

248. As a regular rule, you and the Postmaster General jointly would appoint; is that so?—The Postmaster General would appoint.

249. Now, is it the case that though we know that something like 3,000 irregular appointments were made at the time the telegraphs were taken over by the Government, appointments are made now regularly through the Civil Service Commissioners?—Yes.

250. No such irregular appointments are made now, as I understand you?—No. As to those appointments to which you refer, it is a matter of fact that the telegraph system of the country would have stood still if they had not been appointed.

Mr. *Cavendish Bentinck.*

251. You say that the telegraph service could not have been carried on without that having been done?—I say it could not have been.

Mr. *Goldsmid.*

252. Now I want to know about the Postmaster General's Minute. There was a Treasury Committee which sat last year, as we know, and which made certain recommendations as to the general management of the department; those you have read, probably?—I have.

253. Then there was a reply of the Postmaster General last December?—Yes.

254. You have read that, I suppose?—Yes.

255. That was prepared, I suppose, in your office?—It is the Postmaster General's letter; that is all I can say.

256. Prepared in your office, of course?—Every point was talked over with the Postmaster General, and he ordered such and such a letter to be written.

257. It was prepared in your office?—Everything is prepared in the secretary's office for the Postmaster General.

258. It was prepared in your office under your instructions?—Under the instructions of the Postmaster General; it is for him to give instructions, and for me to see that they are carried out.

259. And you did see that they were carried out in this case?—I did see that they were carried out, because the letter was written.

260. Do you approve yourself personally of all the recommendations contained in it?—I agree with them.

261. You are aware that one of the allegations made by the Government was that greater facility would be afforded to the public by uniformity of rate. When the companies worked the telegraphs there were different rates in different parts of the country; and one of the allegations which was made by the Government in favour of the purchase was, that they would bring about an uniformity of rate throughout the country; you are

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Mr. *Goldsmid*—continued.

are aware of that?—I am aware that there is an uniformity of rate.

262. Are you aware that that was one of the allegations made in favour of the purchase by the Government in behalf of the country, that there would be an uniformity of rate which would be of great public advantage?—No doubt.

263. Are you aware also, therefore, that these recommendations contain a number of proposals which depart from that principle?—They do.

264. Upon what ground do you justify those proposals?—The proposals do not come from me. You mean the proposals in the letter from the Treasury?

265. No, the proposals made by the Postmaster General?—What are the deviations?

266. One is that the railways shall be charged?—That is, that we shall charge 3 *d.* for telegrams deposited at a railway station? Yes, that is so.

267. You are not aware personally (I may put it generally in this way) of all the recommendations that are contained in that report?—Certainly, I am of those contained in this report to the Treasury.

268. I mean in that reply of the Postmaster General; and you approve of it all?—Yes.

269. Then the document was prepared under your instructions?—I have said very often that it was prepared under the directions of the Postmaster General.

270. Prepared by whom. Somebody must do it under the directions of the Postmaster General?—In such a report as this a good many people must have opinions, and are consulted.

Chairman.

271. Is not the Postmaster General responsible for every word contained in that report?—Undoubtedly.

272. Do you consider yourself responsible, or do you consider the Postmaster General responsible, for every line and sentence in it?—Undoubtedly the Postmaster General.

273. As I understand you, you say that you prepared that report in the secretary's office according to the orders of the Postmaster General?—That is so.

274. And for the preparation of it, having received instructions from the Postmaster General, you are to that extent responsible?—Yes.

Mr. *Goldsmid.*

275. Did you receive instructions yourself from the Postmaster General?—Certainly.

276. And then you had it prepared in the office?—Then I had it prepared.

Mr. *Cavendish Bentinck.*

277. It was sanctioned by the Postmaster General himself?—Every line of it. The Postmaster General would tell you, if he were sitting in this chair, that he is responsible for every word in that report.

Mr. *Goldsmid.*

278. You answered an honourable Member of the Committee that you thought it desirable to close, and you were doing it as much as you could, railway station telegraph offices?—When we find it will not cause any serious inconvenience to the public.

279. You think the closing of an existing office does not cause great inconvenience to the public?—Not when there is a telegraph office near it.

Mr. *Goldsmid*—continued.

280. Then you think that one will do the work of two, if that one is sufficiently near?—That is so.

281. You told us, in answer to the Right Honourable Chairman, that telegraph matters were mixed up as much as possible with general post office business?—Yes.

282. What do you mean by that?—So that one and the same officer shall deal with both. If a telegraph clerk or a post-office clerk, for instance, misbehaves, it is immaterial to the man who deals with it whether he is a telegraph clerk or a post-office clerk; he is dealt with by the same man, on the same principles.

283. That is, as to discipline; but as to all other portions of the telegraph business, would it be the same thing?—If you wanted to build an office for telegraph purposes, it would be dealt with in the same way and by the same man as if you wanted to build one for post-office purposes. Again, if a man was appointed, the appointment would be arranged by the same man in either department.

284. Consequently, supposing you wanted to reduce the staff in any particular place, I do not mean by dismissing anybody, but if a vacancy occurred, and you wanted not to fill it up, the not filling up of that vacancy would be suggested to you by the head of the section?—Assuming it to be in the country, it would be suggested by the principal clerk at the head of the provincial post-offices branch.

285. And in London by whom would it be suggested?—I believe it would come in London through the same person in the same way.

286. Do you not think that is rather putting him in an invidious position as far as the clerks in his office are concerned, because it might stop their promotion?—I do not think anybody would feel that.

287. With reference to fixing the salaries, would you fix the salaries upon the recommendations of the different sections, or who would do it?—A certain number of them come to me, but I believe now most of them go to the financial secretary; it is rather a financial question.

288. And as to the relative employment of men and women, would that come to you?—It would come to me, I think.

289. Are the same rules laid down for both men and women in the service, or different rules?—The same as to attendance, except that women never attend on night duty.

290. But as to hours and as to leave during the day?—I believe it is the same.

291. But who would know principally about that?—Mr. Fischer, the head of the Central Station.

292. Then how many classes of clerks have you got in the telegraph service?—When you say "the telegraph service," it is a very difficult question to answer; do you mean the Central Station?

293. I will say in London, if you like?—Even in London I cannot give you that exactly, because each office has its own classes. I can take the Central Station if you like, where there is the largest number.

294. Will you do so?—There are a certain number of writing clerks, first class, second class, and third class. Then we come to the male staff of manipulators. There are a certain number of superintendents, a certain number of clerks for night

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Mr. *Tilley*, C.B. 28 April 1876.

Mr. *Goldsmid*—continued.

night duty; then 520 clerks of a general body, divided into a senior class, a first class, second class, third class, and then a probationary class.

295. With an increase in salary according to the class, I suppose?—Yes. Then we have a female staff; principal clerks of the upper section, principal clerks of the lower section, clerks in charge of the upper section, clerks in charge of the lower section; and then a general body of clerks, divided into first, second, and third classes, and a probationary class, as in the male staff.

296. Who would be the head, the general controller of all those clerks?—Mr. Fischer.

297. Therefore he will give me all the information I want with regard to them?—He will; he will give it very accurately.

298. Can you give me any reason for this; you told me you did not know anything about the individual management, but that you knew generally what was done in the telegraph offices; can you tell me the reason for the enormous number of appointments made on taking over the telegraphs, when the business did not increase beyond the amount to which Mr. Scudamore said it would?—I do not think I can safely answer that question.

299. You perhaps do not think anybody could except Mr. Scudamore?—I think not.

300. Had you anything to do with the preparation of the Estimates at any time before Mr. Blackwood was appointed?—Nothing in the telegraphs.

301. Mr. Scudamore did that, I suppose?—He did.

302. I understand Mr. Blackwood was only appointed in 1873, and therefore his financial experience of the telegraph department does not extend back before that?—Before that Mr. Scudamore, who had been previously Receiver and Accountant General, dealt with the finance.

303. The only person who is now in the office, who would be thoroughly up in that matter, would be Mr. Chetwynd, I suppose?—On finance.

304. You said that a large number of the permanent staff were taken over from the old companies?—Yes.

305. Can you tell me how many of them were?—Yes.

306. You can obtain that information for us?—I can.

307. I should like to know how many of the total number were taken over from the old companies, and how many were pensioned?—2,418 clerks were taken over, and 96 were pensioned.

308. The Right Honourable Chairman stated that 509 persons were now employed in maintaining 63,000 miles of wire, and that formerly 534 persons were employed in maintaining 80,000 miles of wire; can you give me the reason for that difference?—I think the Right Honourable Chairman himself suggested the reason, namely, that we have to look after the lines on the railways.

309. That is supervision only; you think that would make a difference, do you?—That I understand makes a difference; that is the way the difference is made.

310. Although we were promised by Mr. Scudamore when we bought the telegraphs that amalgamation would reduce the supervising staff?—Possibly.

311. I suppose you cannot offer any explanation why, when Mr. Scudamore promised that the number of *employés* in general would be much fewer in consequence of the amalgamation; on the contrary that number was more than doubled as compared with the number of persons taken over, because the amount of work done was as nearly as possible the amount that Mr. Scudamore fixed it at?—I cannot answer that question.

312. Who will give me the information?—If anybody gave you the information, Mr. Baines, I think, would be the best person.

313. You have, of course, got enormous duties and responsibilities personally. Do you think that as a matter of convenience it would not be better to have a responsible officer under you who should have charge of the Telegraph Department?—I think it is better that the Post Office work and the Telegraph work should all come to the same person as much as possible; better than dividing it. I think it would not be a good plan to take the responsibility off the hands of the two secretaries. I think you had better hold them responsible for the work.

314. Then do you consider that Mr. Blackwood occupies the place which was occupied by Mr. Scudamore?—No; Mr. Blackwood is Financial Secretary; so far as finance is concerned he does.

315. As I understood there were three secretaries?—There was a secretary and second secretary. Mr. Scudamore was second secretary.

316. You and Mr. Scudamore and Mr. Blackwood were all responsible for the different parts of the work?—Mr. Blackwood was there only a very short time with Mr. Scudamore.

317. In your opinion it would not be desirable to make a separate Telegraph Department under the secretary?—I think very undesirable.

318. You have no assistant secretary now?—We have two assistant secretaries, not for telegraph work; one for packet work, and one for the Inland Railway branch.

319. You think those so important that they require an assistant secretary, but not the Telegraph Department?—I said that very likely there might be an assistant secretary over the telegraphs, but still the secretary would be responsible.

320. Then you do agree that the Telegraph Department is sufficiently important to require a separate head under yourself?—I understood you to ask whether he should not be entirely responsible, as much as Mr. Scudamore.

321. I mean a head, responsible under you?—Possibly it might be desirable.

322. You will not quite agree with that proposition which I have just put to you?—I will not pledge myself to that; it might be so.

323. The duties that you have to perform must be, with all the details involved, enormous; I wonder how you can survive it?—A principal clerk may look into details as much as a secretary.

324. But the Telegraph Department would, in your view, be sufficiently important to justify the appointment of an assistant secretary under you, in the same way as the two assistant secretaries now act under you for the purposes you have mentioned?—I do not pledge myself to that; it is possible it might be so.

Chairman.

325. You have already expressed the opinion that it would be very desirable to carry the principles

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Chairman—continued.

principles of the Postal Department into the Telegraph Department?—Yes.

326. Is it not the case that in the Postal Department all appointments are given as broadly as possible, and after the most careful consideration?—Yes.

327. Take the case now of any responsible office becoming vacant; what happens?—The vacancy is, so to speak, advertised; the fact that there is such a vacancy with the pay attached to it, is distributed through the department to all the country post offices throughout the country; and any person who feels that he should like the place becomes a candidate. A list is then made out of all these candidates, showing the date of their appointment, their character, and so on, and submitted to the Postmaster General, and from that list the Postmaster General decides to whom he shall give the vacant place.

328. Is there not a very careful record of the service of every man, upon such an occasion, placed before the Postmaster General?—Yes, a biography of the man is, as it were, placed before the Postmaster General.

329. And the appointments under these men are by no means given loosely, but after a careful examination, by not one, but all the responsible officers of the service?—Yes.

330. I presume whatever irregularity there may have been in past appointments, you would apply these principles, which have just been stated, to appointments with reference to telegraphs?—No doubt of it.

331. I understood that when you spoke of the possibility of consolidating the staff for special arrangements with the central office, you did not pledge yourself that that would be the best mode of consolidation?—Not at all; I say it might possibly be so.

332. It might be possibly better to consolidate it with the Intelligence Department?—Very possibly; it is only a point worthy of consideration.

Mr. *John Holms.*

333. Have you turned your attention at all to the system of organisation of the telegraph in foreign countries?—We know something of the plan in foreign countries, but not a very great deal. In Germany the plan is to make what we call our district post office surveyors take the place of divisional engineers.

334. I want to know whether we can obtain in the office from any officer a correct statement in any way of the plans in existence in foreign countries?—You will find certain facts we have obtained, but nothing very voluminous.

335. What witness can give us that?—I will put in Papers as to France and Germany. (*Papers put in.*)

Colonel *Alexander.*

336. In answer to the honourable Member for Glasgow, you said you would reduce the number of superintendents. You have two classes of superintendents?—Yes.

337. What difference is there in the work?—Not much.

338. Would you effect the reduction in one or both branches?—I think it would depend in each case upon the district and the kind of work that would fall to them; I do not think we should follow any special rule in that case.

Mr. *Ripley.*

339. You have said that there were principal clerks under you who refer to you on all matters which they cannot decide for themselves?—On all matters which they think it right to refer.

340. And are there many matters which they settle on their own responsibility?—Certainly.

341. Do they make written reports to you from time to time on all these matters?—No.

342. Do you not think it desirable that they should do so?—No.

Dr. *Cameron.*

343. I asked you about postmasters acting as surveyors, and you said your opinion was that that proposal could not be entertained now. I understand that there are certain postmasters who do act as surveyors: what I wish you to do is to inquire into the matter, and if you find that it is so, let us have a list of them?—I can tell you at once who they are; the postmaster at Liverpool, the postmaster at Glasgow, and the postmaster at Manchester. Each is, as it were, a surveyor, because he is not under another surveyor.

344. But the postmaster is not a surveyor so far as telegraph matters are concerned; the surveyor in each of those districts has the control of the offices in the district; and I was driving at this, whether it would not be well to give the postmaster at Glasgow, for instance, the same power that you would to a postal surveyor in one of the seven districts?—He has the same; inasmuch as the post office surveyor does not interfere with the management of the Glasgow office, he is independent of a surveyor.

345. So far as the Glasgow office is concerned, but not so far as the management of the telegraph offices in the district?—Not if they are separate post towns; but if they are receiving offices and telegraph offices in Glasgow he has the control.

346. But in any of these postal districts the postal surveyor has, I understand you to say, the control of the telegraphs in the several towns?—He has.

347. I ask you whether it would not be well to allow the postmaster in Glasgow the same control over the telegraph offices in the separate towns within his district?—They are not within his district, you see.

348. Let us come back to this; you said that the postmasters could not, without harm to the service, act as surveyors?—Yes.

349. Now, I understand that there are cases of postmasters holding the appointment of surveyors with the full powers of surveyors?—The postmaster of Glasgow is surveyor in Glasgow, not beyond it.

350. But I mean outside their own towns, acting as surveyors of separate towns in the vicinity of the towns where they are postmasters?—My answer to that is, that it is very undesirable, because it would take the postmaster away from his town.

351. I ask, are there not some postmasters in that position already?—There are no postmasters such as you allude to in any different position from that in which the postmaster of Glasgow is. The postmaster of Liverpool is surveyor of the town of Liverpool, and the postmaster of Manchester is surveyor of the town of Manchester.

 352. I understood

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Mr. *Tilley*, C.B.

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Dr. *Cameron*—continued.

352. I understood that there were postmasters in that position?—There are not.

353. As to post office vacancies, Members of Parliament frequently get letters requesting them to nominate for vacancies; have they any right of nomination, or is any such system tolerated in connection with the Post Office?—From time immemorial all small post offices have been distributed in a Parliamentary way by the supporters of the Government.

354. That concerns the Telegraph as well as the Post Office; because I presume these small postmasters have often to do the telegraphic work?—That is so.

355. Is that a system of appointment likely to conduce to the efficiency of that portion of the telegraph service, that these appointments should be made by Members of Parliament?—Whether a person holding the office of a small postmaster was appointed by the Postmaster General, or by the borough or county Member, he would be very much the same kind of person; simply a shopkeeper in the town.

356. But would not a postmaster, or the surveyor in the district, be the proper man to make those appointments?—I am afraid you would not get the Government to agree with you, even if I did.

Lord *Robert Montagu*.

357. You said that there were certain postmasters that were their own surveyors; are they not under the Surveyor General?—No.

358. Why is it that they are not under the surveyors?—Because those positions at the post offices in such towns as Manchester and Liverpool are filled up always by persons of great experience, and it was thought not necessary to put them under him.

Lord *Robert Montagu*—continued.

359. In Birmingham is it the same?—No.

360. Have you got a lower postmaster in Birmingham than in Manchester?—The income is less. It is not very desirable to extend the system of postmasters being independent of their surveyors; and therefore we have confined it to the very largest towns, Liverpool and Manchester.

361. But it answers in those places, you think?—It is not desirable to extend it, but it works well in Liverpool and in Manchester.

362. It is not a good system, you think?—Where you have a considerable population, as you have at Manchester, it works well, I think.

363. But have you not a considerable population in Birmingham, for instance?—We have a considerable population, but you must draw the line somewhere, and I think it is desirable to draw it at the very largest towns.

Chairman.

364. I understand that you mean that in the case of certain large towns they are large enough to make the postmaster the surveyor as well as being postmaster?—Yes.

365. You must draw the line somewhere, and you consider the towns which you have mentioned sufficiently large for that purpose?—Yes; we have drawn the line very high up, and we have only taken in Liverpool and Manchester.

Lord *Robert Montagu*.

366. Are there the two offices in other towns?—Not in the other towns. The surveyor of Birmingham has the whole of Wales and North Shropshire.

Mr. C. H. B. Patey, called in; and Examined.

Mr. *Patey*.

Chairman.

367. You are, I understand, the officer of the secretary mainly responsible for telegraph business?—I am.

368. How long have you been connected with the telegraph work?—Since August 1868.

369. During the time that Mr. Scudamore was there what post did you occupy?—For the chief part of the time I was a principal clerk of the lower section under Mr. Baines.

370. And since Mr. Tilley took the immediate responsibility for the Telegraph Department you have become principal clerk?—Yes.

371. Have you any practical experience in telegraphy or not?—I have not.

372. You have knowledge derived from general administration?—Yes.

373. Do all papers relating to telegraph business pass through you?—The whole, with the exceptions mentioned by Mr. Tilley.

374. Except those that go direct to the engineer's office?—I mean that papers addressed to the secretary pass through my hands.

375. What kind of papers do you deal with?—With all papers that come to the secretary on purely telegraph subjects: complaints or applications from the public, or from the press, applications for extensions, and communications from telegraph or railway companies on telegraph matters.

376. Do you submit to the secretary every paper which comes to your hands?—No; not all.

Chairman—continued.

377. Will you describe the kind that you act upon yourself?—Say a letter comes from the public, on a simple question: an answer is given to it, and that letter does not come before the secretary.

378. But who signs the letters?—I sign the letters.

379. Pro secretary or in your own name?—In my own name for the secretary.

380. Do you always place "pro secretary" after it?—Not in every case, but in the generality of cases.

381. In your absence upon leave or from ill-health, who is responsible?—The principal clerk who is under me.

382. A second principal clerk?—Yes.

383. And he would deal with the papers in the same way?—Yes.

384. Is he not a principal clerk of the lower section?—Yes.

385. Has he much experience in telegraphy?—Not very large; he has only recently joined the telegraph branch.

386. Has it been the course during any time that you have been away, that he has to deal with it?—I have been away for a fortnight since he joined the branch; that is the only time.

387. Supposing the Surveyor General makes a report upon economy in any office, say the Manchester

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chester office, who would deal with that report?—It depends upon what the economy consisted in. If it consisted in a reduction of the force of clerks, it would be dealt with by the principal clerk at the head of the provincial post office branch. If it were on circuits arrangements, it it would pass through my hands.

388. Then the Surveyor General, who is a high officer from his salary, would practically have a report from himself, dealt with by you, who have a lower salary?—I should deal with it only on behalf of the Secretary.

389. I mean, would it in all cases go before the Secretary?—In all probability it would.

390. Might such a report, for instance, be referred to a surveyor for observations?—Yes, it might.

391. Is not that an anomaly, that the report of a Surveyor General would be submitted for observations, that is to say, for criticisms, to a surveyor who is, at all events, in title, under him?—It would be a very rare occurrence for a report to go to him, inasmuch as Mr. Baines would probably have consulted with the surveyor before submitting his report; but in some cases it might be that it would have to be sent to the surveyor.

392. Supposing the engineer in chief suggested any alterations by way of improvements, or made suggestions, such as for new forms of apparatus, who has the decision?—It rests with the Secretary.

393. But the Secretary has told us that he has no technical knowledge upon such subject?—But the engineer in chief is such a high officer in the department that the Secretary would be guided by his report.

394. Would you make a report upon that report of the engineer in chief?—No.

395. No observations?—The Secretary would either deal with it or submit it to the Postmaster General, with his observations, proposing its acceptance or not.

396. But the observations would not be m by you upon it?—By the Secretary.

397. Rather by you under the instructions of the Secretary?—Yes.

398. Then, supposing the Engineer or Surveyor General make a report upon any improvements, they propose them, and who disposes of them practically? The Secretary has told us that he has not the technical knowledge. Under such circumstances, after a surveyor or the engineer in chief proposes, who disposes of that paper before it reaches the Postmaster General; is it not practically you?—Under the Secretary's instruction, I deal with it.

399. The Secretary has told us that he has not the immediate knowledge that is necessary, and that you have the experience, so that practically it would be you who would deal with it?—In that way it would be.

400. Can you state the number of letters that are received weekly on telegraph business and the number of papers dealt with?—The number of letters received is about 1,000, and the number of papers dealt with altogether is between 3,500 and 4,000 in a week.

401. Then you require a large clerical staff to aid you?—Yes.

402. Is that separate from the registry of the engineering staff?—Yes.

403. Besides dealing with papers, are you not in constant communication with the telegraph officers?—Yes.

404. Will you describe the kind of business which is discussed between you?—The assistant engineer in chief might wish to see me, to know whether some proposition that he desired to put forward could be carried out during the year, and whether we had sufficient money to carry out that proposition; or some arrangement of circuits would be proposed, which he thought would be beneficial, but which he feared could not be carried out because there was not sufficient money under the sub-head left; and he would ask whether I thought any money was available or could be obtained to carry out such work; another officer wishing to make some alteration of circuit arrangements in the country, might desire to know particulars of the quantity of news sent, or which might hereafter be sent, in order that he might have the whole facts before him; at another time he might wish to know whether we should be likely to make any use of an additional wire if it were provided.

405. You told us that the engineering branch has a separate registry: the letters and papers. I suppose that the bulk of your letters deal with traffic arrangements?—Yes.

406. Has it ever occurred to you whether it is desirable to have the traffic arrangements so completely separated from the technical branch as they are at present?—As far as possible we have endeavoured to work the Telegraphs upon the same lines as the Post Office; and as in the Post Office letters on such subjects are dealt with in the Secretary's office, so we have dealt with them in the Telegraph branch; and I think, to a certain extent, they must be so dealt with.

407. Is it not the case that in pushing these analogies you have sometimes been obliged to undo them again? Take, for instance, the system of telegraphs in the district offices in London; were they not treated upon the same separate postal system; whereas latterly you have been concentrating them in the central office, instead of treating each district as a separate postal office, as you do with the letters?—Yes, that is so.

408. And has not a great expense from that analogy been incurred, which is now found to be an unnecessary expense?—No, I cannot say that any great unnecessary expense has been incurred in that way, inasmuch as the whole of the circuits are available for use now.

409. Take the Vere Street branch; would you have made that such a large post office if you had had in contemplation beforehand that it would not be used as a district telegraph office?—The circumstances soon after the transfer were different from what they are now; the work in London has grown so greatly that an arrangement, which was proper then, is not now. I do not think the arrangements proper now, would have been so immediately on the transfer.

410. Would not that have been avoided to a great extent if you had had the advantage of a technical officer continually watching traffic arrangements, and not had them under surveyors who do not profess to know them?—The system in London was so small under the companies that we made the whole system. They had only a few offices.

411. But do you think that the postal surveyors understand anything of the science, the technics

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Mr. *Patey.*

28 April 1876.

Chairman—continued.

technics of telegraphy?—I think some of them do now.

412. Many of them?—Perhaps not a large number.

413. Does it not require a long experience to understand the practical operations of telegraphy?—It does.

414. But I think that from what I understood from Mr. Tilley (probably you coincide in that) it is to remedy that evil that you have lately in the office appointed a Surveyor General?—It is so.

415. Although at present his office is scarcely at all developed?—That is so.

Mr. *John Holms.*

416. You have just stated to the Right Honourable Chairman that under the old system there were very few offices in London, and that now there are a great many; can you state exactly what the number was under the old system, and what it is now?—I think under the old system there were about 60 offices, and now there are about 380.

417. Do you know how many offices there are in the United Kingdom now?—3,736.

418. Are there any other auxiliary offices?—Yes, a large number.

419. How many might there be?—1,866.

Colonel *Alexander.*

420. Do you agree with Mr. Tilley in his opinion that any reduction might be effected in the Telegraph staff in the number of superintendents?—Yes.

421. I see in the Estimates for 1875-76 a great many clerks for superintendents are charged, and in one case in one of the divisions as many as, I think, 11 clerks for superintendents; I suppose if the number of superintendents was decreased you might also reduce the number of clerks to superintendents?—Yes.

422. So that you might effect economy in that way?—Yes; several of those places you see are not at present filled.

423. How do you account for this item of Estimate: "Add, for probable increase of force, 6,000 *l.*"?—That was in the Estimate for last year; there were certain places which we thought would have to be filled by persons regularly employed, but for whom no places on the establishment had been created.

Mr. *John Holms.*

424. In relation to those two sets of offices that there are through the kingdom, could you inform the Committee what the character of the control is that the Post Office has over the one and the other?—Over our own offices the control is complete, inasmuch as the officers are appointed by, and controlled by, the Post Office. In the others the control is vested altogether in the railway company; and any complaint is made through the secretary or the general manager of the railway company.

425. Then you have not a direct control over those offices?—No, only through the officers of the railway company.

426. You stated to the Right Honourable Chairman that all papers connected with the Telegraphic Department pass through you, and that amongst them there are applications for extension?—Yes.

Mr. *John Holms*—continued.

427. What do you mean by applications for extension?—Some person in the country wishes to have a telegraph station opened near his house, and he writes on behalf of himself and the inhabitants of the neighbouring village or small town, and asks for a station in the village or town.

428. And who decides that?—It would be decided after examination into the case, as to the probable cost, and as to the business that would be likely to follow the opening of an office in that village or town.

429. Is it determined by the population?—No, solely by the cost as compared with the amount of business likely to follow the opening.

430. How many of those were there last year?—Forty-seven new offices were opened.

431. Have you any suggestion to make to the Committee that you think would tend to the efficiency of the Telegraph Department, or to its economy?—I think that, as an officer of the Secretary, I can only point to the Postmaster General's report.

432. You have nothing of your own to suggest?—I think not beyond that.

Lord *Robert Montagu.*

433. I did not quite understand your answer to the Right Honourable Chairman. You said that in the first instance the management of telegraphs was modelled on that of the Post Office in London, but now that of the telegraphs is undergoing some change?—Yes.

434. Will you just describe what the difference is which is growing up between the system of management of the Post Office and that of the Telegraphs?—The difference in regard to the telegraph arrangements in London is this, that soon after the transfer, the head office of each postal district was made the head office for telegraphs within that district with a few exceptions; but now it is thought better that each office in the district should work direct to the central station in London instead of to the head office.

435. In fact each postal district at first was a separate town, you might say?—Yes.

436. And now, for telegraphic purposes, London is regarded as one town?—Yes.

437. What is the ground of that change?—The business has increased so very largely in London that, whereas the present arrangements were adequate at and for some time after the transfer, they are now inadequate, and tend to delay the messages, and so to decrease the number.

438. Do you mean that more messages could be sent, if all the telegraphic messages go to some central station?—Yes, because they now go direct to the central station, whence they are sent to the country, instead of going first to a district office where they were repeated to the central office and from thence sent to the country.

439. It save the repetition, in fact?—Yes, it saves the repetition.

440. There are two branches, the technical branch and the traffic branch?—There is the engineer's branch, and the other would be the branch dealing with discipline and working of the system. The engineer in chief looks after the maintenance and construction of telegraphs.

441. That is what the Chairman calls the technical branch?—Yes.

442. And

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Lord *Robert Montagu*—continued.

442. And the other branch is with regard to the discipline and the circuits?—Yes, but the circuits are constructed and maintained by the technical branch.

Mr. *Ripley.*

443. When you receive communication from various offices over the country, do you act on your own responsibility in transmitting a request for a new telegraph office for instance, or a complaint, to the engineer or the officer whose duty it is to investigate it?—Yes.

444. Do you make any written report to the Secretary from time to time of what you have been doing in your department?—No; because I put before the Secretary from time to time all the papers that he should see.

445. But not by any means all the papers which come into your hands?—No; inasmuch as a great many of the questions are questions which can be decided upon former decisions.

Dr. *Cameron.*

446. Who is responsible for the arrangement of the provincial offices?—In what way; the staff, do you mean?

447. From the Estimates, there appears to be considerable diversity as to the manning of these different offices. Is there any general system of management, that there should be, for instance, so many highly paid clerks and so many inferior?—It depends altogether on the number of circuits in the office, the business done in it, and the hours of duty.

448. How is it that there is so great a difference in the major establishments of the offices?—I do not quite understand what you mean by the "major establishments."

449. The more highly paid; those who are not under weekly wages, but whose salaries are so much per annum?—The difference is altogether due to the reasons which I gave just now: first, the amount of the traffic of the town; secondly, the number of circuits; and thirdly, the number of hours during which the office is open for telegraph work.

450. In Birmingham, for instance, there are 18 temporary writers; what is that for?—For copying out news, and for duties of that kind, for which they are not required to have any practical knowledge of telegraphy.

451. The highly paid force in the central telegraph office is very large, is it not, compared with the number of men upon the establishment?—I am not prepared to say that.

452. I find in connection with the central telegraph office that there are 11 inspectors of messengers upon a total of 345 boys, or 1 in 32; is not that a very large proportion?—There are five offices connected with the central station; namely, the Central Station itself, the Stock Exchange, the Commercial Sales Room, the Moorgate Street Buildings Office, and the House of Commons Office; and the inspectors are spread over those offices, and are also employed during the night at the central station, and at the Moorgate Street Buildings Office. A large number of boys are employed in the galleries of the Central Station, and the remainder in delivering messages.

453. But that will occur more or less in connection with every large town; in Manchester, for instance, there will be a number of subordinate telegraph offices which will have each its amount of boys?—Yes.

Dr. *Cameron*—continued.

454. But the ratio of inspectors to boys appears vastly less in the large towns than it is here?—I think Mr. Fischer will be able to give you the reason of that.

455. If the system in London in the Central Telegraph Office were defective, that is to say if a larger number of circuits than were necessary were kept manned here, I suppose it would necessitate a similar extravagance at the other ends of the circuits?—As many circuits as are worked in the Central Station must be worked at the other end, of course.

456. If more are manned in the central office than are necessary, it must involve similar extravagance in the manning all through the country?—If there is extravagance in the manning, that would be so. A question was asked just now about 50 messages a day, and whether that number could not be disposed of in two hours; but of course we could not get the messages in the time; we are obliged to take them when they come in.

457. I put that question with a view to ascertaining whether a man might not work two or three circuits?—As a matter of fact, that is done.

Mr. *Goldsmid.*

458. I think you said that you were secretary to Mr. Scudamore at first?—No.

459. You were under Mr. Scudamore from the first time when the telegraphs were taken over?—Rather before that time.

460. And from the moment they began to be taken over, you took part in the telegraph work?—Yes.

461. You assisted Mr. Scudamore?—I was one of the clerks in the Telegraph Branch of the Secretary's Office.

462. And when were you appointed to your present office?—In August of last year.

463. You had promotion before that?—I was promoted after the transfer of the telegraphs.

464. What office did you fill after the transfer?—Principal clerk of the Lower Section.

465. And it was from that time that you took a part in the business of the Telegraph Department?—No, I was working in the Telegraph Department from August 1868.

466. You were working in the Telegraph Department from August 1868, you say, and were you not promoted until last year?—No, I was promoted in 1870, and I was promoted again last year.

467. It was in 1870 that you were made principal clerk?—Yes.

468. And then last year, when Mr. Scudamore left, of course you received further promotion and began to fulfil the duties which you now so well accomplish?—Yes.

469. Consequently I may take it that you know a great deal of what was done under Mr. Scudamore?—I know something of it.

470. Do you know anything about the Estimates that were prepared for the Committee who sat on the Purchase of the Telegraphs?—No, I was not employed in the Telegraph Branch at that time.

471. It was after that that you became employed?—After the passing of the Bill of 1868.

472. Therefore you know nothing on that point?—Nothing on that point.

473. Have you ever looked at the evidence given on that occasion?—Yes.

474. Have you seen the Estimates and the

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Mr. *Goldsmid*—continued.

figures that were prepared by Mr. Scudamore and submitted to that Committee?—Yes.

475. I dare say you have observed what he said would be the cost of general management?—Yes.

476. Can you give me what you consider the reasons for the enormous increase of cost of general management beyond the amount as stated by Mr. Scudamore; in your opinion, I mean; I do not want more than that, because I look very much to your opinion after your experience?—The increase is due, I think, to a great number of different causes. First, the cost of labour of all kinds has very greatly increased since 1868. A large number of payments also have been made out of the annual vote, which, I think, at the time that Mr. Scudamore made his Estimate, he had no idea would be so made; such payments as payments for what is nominally called way leave to railway companies, cost of pensions, cost of extensions and of private wires, and of all new works of rearrangement.

477. Are all those things now paid out of the annual income?—Yes.

478. To what amount?—The amount for each year is given in the Postmaster-General's reply to the Treasury Committee.

479. That will not account, will it, for the enormous difference between the Estimate and the actual expenditure; if you look at the figures it obviously does not account for it?—No, the Estimate, no doubt, was an under estimate.

480. Although Mr. Scudamore said at the time that he thought it was an outside estimate?—The facts show, of course, that it was not.

481. Now, in your opinion, could the general staff now be diminished?—Yes; Mr. Tilley, I think, has already stated that.

482. I want your opinion; Mr. Tilley very fairly told us that a great many things he knew nothing about, and as you have had a considerable experience I am glad to avail myself of your opinion; you think that they could be reduced generally?—I think there is no doubt that some reduction could be made generally.

483. Will you tell me, what I think you know, namely, what sub-divisions of the business you have with regard to telegraphs; you have a number of clerks under the Secretary, and I presume the correspondence and all other matters come through you with regard to the employment of that staff, and so on?—No, I do not deal with the employment of the staff; that is dealt with in the Provincial Post Office Branch.

484. Does any portion of the staff come under you in any way?—Not regularly.

485. Through whom do the letters go with regard to the staff of the telegraphs?—Through the principal clerk of the Provincial Post Office Branch.

486. Who is that?—Mr. Baker.

487. And with regard to the telegraph staff in the General Post Office, would you have anything to do with them?—No, I do not deal with that.

488. In no way?—Incidentally, of course, I deal with the staff, but not regularly.

489. Tell me how incidentally you deal with them?—I might be asked with regard to some proposition put forward, whether I thought it extravagant, or whether I thought that more staff or pay should be given or not.

490. But with regard to reductions of appointments, and all that sort of thing, in the Central Office, or the Secretary's Office, you have nothing to say?—With regard to the Secretary's Office, they would be clerks under my own superintendence, and I should say if I wanted more or if I had too many.

491. But with regard to clerks in the Central Office, you would have nothing to say?—Not generally.

492. Would you tell me what difference there is in the number of employés as compared with the year 1870, after the appointments were made which Mr. Scudamore did make; the irregular appointments, I may call them?—But those irregular appointments were not made in 1870, but between 1870 and 1873.

493. After those appointments had been made, we arrive at a certain number of figures with regard to the staff employed; are the figures now exceeded or less?—The number of people now employed is greater than it was in 1873.

494. By how many?—By 2,000.

495. Then in 1873 what did you put down as your number of messages?—15,535,000.

496. In 1872 it was 14,000,000, was it not, according to the estimate?—Actually there were 12,473,000.

497. And in 1870 when you took over the business, what was the number?—9,850,000.

498. And in 1873 it was 15,000,000?—15,535,000.

499. When you took over the business the number of employés was how many?—2,514 clerks and 1,471 messengers.

500. Are my figures substantially accurate, those given in my remarks; they are taken from the Treasury report?—Those are the actual number of messages, but they do not include news messages.

501. The number of employés given in the Treasury report is, of course, accurate?—I believe it is.

502. If you take those numbers you find by that report that between 1870 when they were taken over, and 1873, the date to which you are referring, the number of employés was more than doubled?—Yes.

503. Then you tell me that the messages only increased from about 10,000,000 to 15,000,000?—That is without the increase of news; the news was very largely increased at the same time.

504. Why, for an increase of only 50 per cent. of business, did you require more than double the number of employés?—First, because the amount of news sent was so largely increased; secondly, because we had opened a large number of new offices where clerks were employed; and thirdly, because we had extended the hours of duty at offices previously open very much.

505. Is it not the case that in a large number of new offices you did not make any appointments because the business was done by the post offices; that they were made telegraph offices in several cases, and the postmaster, with a slight increase of payment, did the work of telegraph master, too?—Yes, but clerks were at first required to teach the assistants.

506. And therefore to mention the increase in the number of offices would not give a fair impression as to the number of employés, would it?—Not altogether; but for some time previous to the transfer no new appointments were made by the

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Mr. *Goldsmid*—continued.

the telegraph companies, and their clerks were worked a great number of extra hours.

507. Have you proof of that?—Yes.

508. What proof?—From the persons employed.

509. To what extent was that the case?—To a very large extent; Mr. Fischer will be able to give you a statement of the number of extra hours that the clerks under his control worked before the transfer, and the hours that they work now, as regards his London office.

510. I understand the messages for the last year, of which we have got any accounts presented to us, namely 1874-5, were 18,000,000, taking it from the report?—The number in the year to the 31st of March 1875, was 19,253,000.

511. Can you tell me in figures the increase in the number of employés between 1873 and 1876?—No, I cannot.

512. It is not in proportion, is it, to the increased number of messages; you more than doubled the number of employés between 1870 and 1873, but you did not carry on that increase between 1873 and 1876 at the same rate?—No, I think not.

513. Although the business increased at a rather high rate, judging by the figures that you have given yourself?—Yes.

514. Can you account for that; was it better management?—Yes, coupled with the greater experience of the clerks.

515. And better management?—Yes, certainly.

516. And notwithstanding that, you did not increase the number of employés during the latter period, as the business increased, at anything like the ratio that you increased them before; you are still of opinion that the staff could be reduced?—Yes.

517. And they could still cope with the increase of business of the department, you think?—Yes, I think so.

518. Now I want to go to one other question. You have, of course, had something to do with the reply of the Postmaster General to the report of the Committee of last year, and with the report of that Committee; you have studied them both carefully?—I have.

519. You also, I suppose, know something of the report of the Committee which sat on the subject of stores?—Yes.

520. Will you tell me about that?—I think Mr. Blackwood will give you that information; he was Chairman.

521. Who were the other members of it?—Captain Galton and Mr. Rowsell.

522. The late Director of Works, you mean?—Yes; and the Director General of Contracts for the Admiralty.

523. And they made certain recommendations, did they not?—Yes.

524. Did these come before you?—I saw them in the office.

525. You do not know, perhaps, whether any action has been taken on them?—Yes, we are acting on them at the present time.

526. Will you tell me, or had I better ask Mr. Blackwood, what changes have been made in consequence of that report; would that come in your department or his?—Mr. Blackwood deals with stores as Secretary; the demands come through my office; but it is under Mr. Blackwood's directions that I deal with them.

Mr. *Goldsmid*—continued.

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527. I want to know as to the part that comes under your province what alterations have been made?—We are acting very much now as we did before the report was made. They have adopted very much substantially the practice in vogue before the report was made.

528. Who have adopted?—What I mean is, that the purchase of stores is carried on now as it was before the report was made.

529. Although the Committee reported that it should be done differently?—The Committee, I think, did not report that it should be done differently.

530. I have not seen the report, and that was why I asked the question. Will you tell me with reference to the manipulator at the central office; as I understand it, you take your manipulators principally from boy clerks?—Yes, and women.

531. What number of these have you got?—1,320 clerks are employed.

532. And what proportion of those, about, are men, and what proportion are women?—There are 555 men and 765 women.

533. Who do you find works better, a woman or a boy?—Mr. Fischer will be able to give you that information better than I could, I think.

534. Then you do not know, perhaps, with regard to the period of service?—Mr. Fischer will be able to give you this information also.

535. With reference to the recommendations that were made in the report of the Committee of the Treasury last year, there were some observations made by the Postmaster General thereupon; I want to ask your individual opinion upon some points: do you think it would conduce to the public convenience to raise the charges at night, and on Sundays?—It may not conduce to the public convenience, but it will conduce to the revenue of the department.

536. If it did not check the business, that is to say?—I do not think it would check the business.

537. Why do you not think so?—Because those messages must be sent; they are not business messages, but messages which must be sent for the convenience of the senders, and they would be sent.

538. They must be sent for the personal convenience of the members of the community, you mean?—Yes.

539. And you would tax that convenience extra?—Because we have greater expense at night than in the day.

540. In what way?—We have to employ older clerks, and older messengers, and there is the expense of firing, gas, and so on.

541. The ordinary establishment charges, in fact?—No, in the daytime we employ women, and at night we do not, therefore generally the cost is greater.

542. For these messages to which I have referred, you think there is a public necessity as it were?—They are a public necessity.

543. And it is for that reason that you propose to tax them, in order to get out of the public necessity a greater revenue?—No, but because it costs us more, and we think we should get something more.

544. Do you think, with your experience for several years, that the Telegraph Department is at least as important as the Mail Department; that the business of the Telegraph Department of the Post Office is at least as important as that

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of the Mail Department?—The Telegraph Department is a very important part of the Post Office now.

545. You think as important as the Mail Department, do you not?—Nearly, I think.

546. I will put it in this way: there is a department which one of the assistant secretaries has to look after for the mail business?—Connected with the conveyance of mails by road and railway, I think you mean? Yes.

547. Will you tell me, please, the proportion of expenditure that your department has to deal with, as compared with the Mail Department, as I will call it for shortness?—I do not know the exact amount paid for the conveyance of mails.

548. Yours is much greater, is it not?—I do not think it is; I think it is about the same, but the Estimates will show. It is, I find, 884,000 *l.* as compared with 1,128,000 *l.*

549. The Mail Department has an assistant secretary, and a principal clerk, like yourself?—Yes.

550. Whereas you are all by yourself, in your department?—Under the Secretary.

551. And therefore the responsibility which you incur is practically the same as the responsibility which falls upon the assistant secretary in that Mail Department?—That, I think, is more for the Secretary to say than myself.

552. There is one other department in which there is an assistant secretary, is there not?—Yes, the foreign mails.

553. Is that separate from the conveyance of home mails?—Yes.

554. The treaties for the sea-going conveyance of mails, I suppose, come under that department?—Yes, and with all foreign countries.

555. With the different companies, the Peninsular and Oriental, and all the rest?—Yes.

556. That is a separate department which the assistant secretary manages?—Yes.

557. He has a principal clerk under him also, one of your rank?—Yes.

558. The responsibility, therefore, of that principal clerk is mainly taken by the assistant secretary; that principal clerk, I mean, in that department, has not the same responsibility as you have in settling what questions shall go before you, or what shall go before your chief?—No.

559. You have practically, therefore, in your department, to do the work of the two gentlemen I have named?—So far as my work is equal to what they do.

560. What principle do you act upon with regard to deciding the business which comes before you, or before your chief?—Of course, of the large number of papers that come before me, a great many are upon questions that have been dealt with upon many occasions previously; it would be no use to trouble the Secretary with those papers. But on anything new, or where any new principle is involved, I take all such papers to Mr. Tilley for his instructions.

561. And submit them to him as shortly as you can?—Yes.

562. *Vivâ voce*, or in writing?—*Vivâ voce.*

563. With regard to extensions, we are told that there are other officers who settle with regard to the method of extension; but, of course, whether the extension is made or not is settled by the Chief Secretary?—Yes.

564. That will come through you?—Yes; we act upon a general rule. Shortly, all papers relating to extensions would be submitted to the Secretary; but in some cases it is so obvious that the extensions could not be made that it is not necessary to take his instructions.

565. Then you write in your own name to say that it is declined, on behalf of the Secretary?—Yes.

566. With reference to private wires, is there a separate section or department for private wires?—Yes.

567. How is that worked?—There is an officer called the "Surveyor of Private Wires," who is at the head of that department; and applications from the public are made to him, and he deals with them on certain fixed principles.

568. Without any reference to you, or to Mr. Tilley?—Up to a certain sum he is allowed to act on his own responsibility under certain rules; beyond that sum he has to come to the Secretary for his instructions.

569. Is he under you?—He is an independent officer under the Secretary.

570. His reports would come through you to the Secretary, I suppose?—Yes.

571. What staff has he?—Three clerks.

572. All applications for private wires would come before him, and be decided by him without reference to the Secretary, except in the particular cases you have described?—Yes.

573. Are the applications of that character increasing?—Yes; lately they have not been increasing so much as in previous years, as we have not been trying to push the business.

574. You tried to push the business before, did you?—Yes.

575. Do you merely make those self-paying, or do they bring in a profit to the Post Office?—They all bring in a profit to the Post Office.

576. We have heard about the Special Arrangements Department; how many people are employed in that?—I am not quite certain; the Estimates will give the number.

577. Who is the head of that?—Mr. Johnston.

578. What staff has he?—He has 20 clerks under him, I find, and two messengers.

579. And those are principally employed, are they not, for race meetings?—Yes.

580. When there are no race meetings going on, in the winter, what do they do?—Members of Parliament are in the habit of addressing their constituents, and they attend those meetings.

581. That is a very small number, is it not?—Not very many, but there is only one month in the year in which there is no race meeting.

582. Do you not think it rather an expensive thing to send down this staff for each meeting, instead of detaching clerks from the central post office in the particular district?—That matter is under consideration now.

583. You said that there was an Intelligence Department?—Yes.

584. Could you tell me about that?—That department deals with news in London. It prepares news for transmission to the country, and receives news from the country, and sees that it is sent out properly to the London press.

585. What staff have you for that?—We have 10 established clerks, but we have some extra staff at present.

586. You could hardly reduce that, because it would be reducing the public information, I suppose?—

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Mr. *Goldsmid*—continued.

suppose?—It might be possible to arrange for the performance of the duties in some other way.

587. Can you tell me (I asked Mr. Tilley, and he did not know it) how many different sub-sections there are in the Telegraph Department; I have already referred to three or four?—The sub-sections, as I understand you to use the term, are the Secretary's Office, the Receiver and Accountant General's Office, and that of the Engineer in Chief.

588. Those are in the Estimates?—Yes.

589. Would you give me what the sections in your office are?—It is divided into branches dealing with general correspondence, with news, and with extensions; and a branch dealing with important subjects under my own special direction.

590. And a branch for the staff, I suppose?—That is dealt with by the same branch that deals with the staff of the Post Office.

591. In regard to staff and buildings and other such things which come in both as affects telegraph and post offices, one branch deals with both?—Yes; all the telegraph questions relating to buildings and staff are dealt with by the same officers who deal with similar postal questions.

592. Can you give me any instances in which, in consequence of the acquisition by the Government of the telegraph business, new offices have had to be built?—One is about to be built at Glasgow.

593. You think it is only in consequence of the acquisition of the telegraphs by the Government, do you?—Largely so.

594. Can you tell me, apart from your experience of the central office in London, what you consider a fair proportion of space to be occupied by a telegraph department as compared with a post office?—The space is small, comparatively; the telegraphs require little space downstairs, the only entire room that they do occupy is generally at the top of the building.

595. It would be more than the space required for a money order office?—Yes.

596. The preliminary accounts with regard to expenditure on the buildings are prepared in your office, are they not?—But in the Secretary's office, not in my office.

597. In the accounts prepared in the Secretary's office for submission to the financial officer you charge, in regard to building, one-third for the Money Order Office, do you not, and one-third for the Post Office, and one-third for the Telegraph?—I do not know what is charged.

598. You have not gone into that question yourself?—Only to a limited extent.

599. You have no general post-office business?—No.

600. Absolute and entirely in the Telegraph Department?—Altogether.

601. Do you think that now you could carry on as much increased business without practically increasing the staff, and even though you reduced it?—I think we could carry on more business as the clerks gain more experience.

602. Could you carry on an increased business without adding to the number of wires, generally speaking?—I think we could.

603. Can you give me the proportion of batteries not used?—No, I could not; Mr. Winter will tell you that.

604. But your general impression is, that very great economy may be exercised in that way by

Mr. *Goldsmid*—continued.

increasing the business, with a reduction of staff, and without adding to the wires?—I think in some places an increase of force is necessary; in other places more business can be done without increasing the staff.

605. What is the proportion of established and non-established clerks; the established clerks, as I understand, are to have pensions when they are superannuated, or retire, whereas persons non-established do not; can you tell me the proportion?—I do not think I can; because a postmaster is given a certain allowance to provide for the work, and he may provide one, two, or three assistants, as he likes.

606. And those are unestablished?—Yes.

607. With reference to those who come under your cognisance, can you say the proportion?—I could not tell you.

608. Could not you ascertain?—We could find out from the various post offices how many are employed.

Chairman.

609. Take one instance, that of your regular lines men who are employed. There is about 30,000 *l.* taken for labour, and only 24,000 *l.* taken for the pay of lines men in the Estimates?—The number employed under the head of labour varies from time to time. If a new line is being constructed the persons employed to-day on it are discharged to-morrow.

610. The honourable Member wanted to know whether there is a similar analogy in the case of clerks in your central or provincial offices?—No; they are established clerks.

Mr. *Goldsmid.*

611. Those with regard to whom a Bill is now before the House, will come in on the regular establishment in the same way, and will be entitled to pensions in their turn?—Yes.

612. Therefore, in your opinion, a reduction could be effected by not filling up vacancies as they occur, is that so?—That would be one way of doing it, but of course it would take a very long time to do.

613. If you did alter the position of any other clerks, of course, if they were removed from the service, they would obtain their superannuation allowances?—Yes.

614. Can you tell me at all the number of employés taken over by the Post Office from the old companies, and can you tell me how many of those employés are still in your service?—The number of clerks taken over was 2,418; the number of such clerks now in the service is 1,898.

615. And, I suppose, they are all very effective officers?—Some are and some are not; not all.

616. Most of them are?—Yes.

617. But with regard to the clerks in the central station, those are mostly new employés?—A very large portion of those are new.

618. In consequence of their now obtaining or possessing greater facility of manipulation, you think you may reduce the number?—Yes.

619. When you began to take over these hands they were ignorant of their business?—Yes, it takes a long time to make an experienced telegraph clerk.

620. How long do you find these clerks remain with you?—Of course we have had but small experience, but only a small proportion of

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Mr. *Patey.*
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Mr. *Goldsmid*—continued.

the male clerks leave; some few of them go to foreign telegraph companies, but only a small number.

621. How many of the men are with you who come to you at first?—That we can give.

622. And of the boys?—Yes. I find that since the transfer 516 clerks have left the Post Office service.

623. There is an impression abroad, is it a correct one, that the boys only will stay with you a very short time, because the wages are so low?—Some boys have left the central station for the reason you say, that they do not advance quickly enough in pay.

624. What is the pay?—12 *s.*, 14 *s.*, and 16 *s.*

625. Up to what age?—That is as probationary clerks. Then after that they begin upon a scale which commences at 45 *l.* a year; they get 12 *s.* when they enter the central station, 14 *s.* after a certain time when they are able to take a circuit, and 16 *s.* later when they are fully competent to take a circuit.

626. How long do you think it takes to make an experienced telegraph clerk?—About four or five years.

627. Therefore, if they leave before that time, you are losing the benefit of all the work they have gone through?—Yes.

628. You cannot tell what proportion do leave before four or five years?—No; but it can be ascertained.

629. Do you think that the women stay longer than the boys?—I can hardly say; the principal number of women have been with us under seven years, since the transfer. There were only a few women employed by the companies; we employ a great many more than they did.

630. Mr. Tilley said that you knew more on this point, which I am bound to ask you, than he did. Can you tell me whether the rules with regard to the women are the same as those with regard to the boys or men?—Yes, except as to the attendance. Women are only employed between eight in the morning and eight at night, except in some few cases; though eight hours is the length of duty for both men and women.

631. A duty of eight hours for all alike?—Yes.

632. With the same leave?—Yes, according to pay.

633. What leave is there?—A fortnight, three weeks, and a month.

634. You said that in your absence a gentleman who was under you would have to take your duty?—Yes.

635. He is in a lower grade, of course, than yourself?—In the next lower grade.

636. Did you tell us you only had a fortnight's absence?—Since he has been with me I have only had that.

637. I hope that is not the rule, that you only have a fortnight in the year?—No, it was an exception; he only came into the branch at the end of last year.

638. You will have a better holiday in this year?—A month.

639. And during that time this gentleman will have to take your duty?—Yes.

640. If the Assistant Secretary, who has charge of the Inland Mail Department, were absent, the gentleman who is in the same position as yourself there, the principal clerk, would take his work, I suppose?—Yes.

Mr. *Goldsmid*—continued.

641. And if the principal clerk is absent, who takes the work for him?—The clerk under him.

642. The Assistant Secretary and the principal clerk are never absent together, I suppose?—No, I should think not.

643. In that respect your department would suffer in comparison, would it not, by your absence?—So far as in the one case, the work being dealt with by a principal clerk of the lower section, and in the other case by a principal clerk of the upper section.

Colonel *Alexander.*

644. If a woman employed as a clerk marries is she discharged?—Yes.

645. The honourable Member asked you about the great difference between the estimated and actual expenditure. The Departmental Committee of the Treasury pointed out that in 1874–5 the expense for the year for stationery was 50,000 *l.* as compared with an estimate of 25,000 *l.*; and then the Committee go on to say, "It has not been explained how the Post Office has again fallen into this error after the experience of former years." Can you account for that?—We proposed at that time to make considerable reductions in the size and printing of the message forms, which were not made till later.

Mr. *Goldsmid.*

646. Can you tell me the number of messages that a good clerk can send with a Hughes's instrument in an hour?—We do not use that instrument; we use Morse, Wheatstone, or single needle.

647. How many could a good clerk send by one of those instruments which you use?—From 40 to 45 words a minute by a Morse instrument.

648. Do you find any difference in a man, or a woman, or a boy, in that respect?—At the central station, on the occasion of Her Majesty's opening Parliament, when the Queen's speech has been sent, women have been able to get it faster through than men.

649. Women of the same experience, do you mean?—Yes.

Chairman.

650. You speak of reduction being possible on account of the experience of clerks, but may not that reduction and economy also be possible in consequence of improved instruments being used?—Yes, and improved arrangements generally.

651. I think the feat has been accomplished in the Post Office of sending, not as a rule, but experimentally, 800 words a minute?—I think it is not quite as much as that.

652. I think it is not quite as much as that; something approaching to that?—Yes.

653. If you could get in practical work, instead of sending 45 words per minute, to sending some hundreds per minute, that would be an economy?—Yes.

654. Who is your scientific referee, in order to insure an impartial examination of any new invention which may be brought before the Post Office?—It is looked at by Mr. Culley, and tried upon the circuits, under the direction of the officers at either end.

655. Have you in the office such a scientific referee as the Trinity House has, altogether external to the working office, to prevent any jog trot, such as may occur in a corporation or office, which

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Chairman—continued.

which has a real monopoly?—We have no outside referee.

656. Do not you think that it might possibly be advantageous that you should have some scientific mind looking at proposed inventions, to prevent the comfort that you have from going on with an old system degenerating into a habit, when it might be desirable to introduce new and improved methods?—I think any invention goes through so many hands, and is considered by so many people of high standing in the office, that they would be sure to be able to show that the invention was good, if that was the case.

657. Have you not sometimes, in order to get the confidence of the public, been obliged to have scientific men to report upon scientific inventions?—Yes, on one occasion.

658. You employed Sir William Thompson, I believe, in such a case?—Yes, on one occasion.

659. You wanted to show that a particular invention had been fairly considered by the Post Office?—Yes.

660. Would it not be desirable, in order to prevent monopoly, to have a scientific referee outside the office altogether to consider the inventions?—I do not think altogether so. In some cases it might happen that the person outside would not be able to know what the advantages or disadvantages of the invention were to us; it must be tried by practical working.

661. But would it not be well that such a scientific man outside the office should coincide with the practical men inside the office?—It might be, certainly.

662. Do you not see a danger in the public at all events suspecting, when you have got into what has become a comfortable habit of telegraphing, in an office like yours, that there is not a fair chance for inventions? Inventors might think that you would not take the trouble to examine new inventions and adopt the most speedy?—I think it would not be so. I never heard, except in the case you alluded to, that there was any doubt on the part of an inventor that we had not given any invention a fair trial.

Mr. *Ripley*.

663. I think you stated that the private wire business had not increased recently in the same way as it did before. May I ask you the ground of that?—It was because we had not touted for business; we had only taken that which came to us naturally.

664. You stated, did you not, that it was discouraged?—No, merely that we did not look for it.

665. Do you know whether any additional charges have been made which have discouraged the extension of that business?—No, it has been all on our own part, inasmuch as we have not tried to get business; I think if we had tried we should have got the same increase as we had before.

Mr. *Ripley*—continued.

666. Recently the Press Association has been deprived, has it not, of some facilities for giving news to mechanics' institutes and similar institutions?—No; the only alteration we have made is, that we have not allowed hotels or public-houses to have news at press rates since the end of the year.

Mr. *Cavendish Bentinck*.

667. Do you understand what I mean by the "commercial staff"?—Yes.

668. Do you consider that at the present moment the commercial staff is more than sufficient for the duty it has to perform?—I think some deductions might be made; in fact, some reductions have been made at offices already.

Chairman.

669. And the duty of the Surveyor General is to inquire into these?—Yes.

Dr. *Cameron*.

670. Are the women clerks pensioned as well as the men?—Yes.

671. After what term of service?—On the same conditions as the males.

672. In that case it would be impossible, would it not, to bring your staff down to the level of your business, without involving yourself in a whole army of pensioners?—There are always vacancies occurring; and, as far as the manipulative staff is concerned, I do not think a long time would elapse before the whole force could be completely employed.

673. But you could not cut down the wires?—No, but the wires, except in some instances, are not more than sufficient for the traffic.

674. But the messages that can be sent are constantly growing in number, are they not, through the perfection of instruments; is it not the fact that a Bain instrument will send seven or eight times the number of messages that a Morse would?—Yes; but on certain conditions of delay which would tend to decrease business.

675. I understand that the Bain is less dependent on the weather than the Morse; is that so?—Not less than the Morse, but less than the automatic, slightly.

676. Every new invention increases the carrying power of your wires?—Yes.

677. And, therefore, there is no use in reducing your staff; you simply, by doing so, leave yourself with empty wires?—No; because I think the business will increase to fill those wires.

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Tuesday, 2nd May 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Charles Allsopp.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Mr. Meldon.
Dr. Lyon Playfair.
Mr. Ripley.
Mr. Sclater-Booth.
Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. WILLIAM HENRY WINTER, called in; and Examined.

Mr. W. H. Winter.
2 May 1876.

Chairman.

678. WHAT is your office in the Telegraph Department?—I am the Assistant Engineer in Chief to the Telegraph Department of the Post Office.

679. On the present occasion you represent Mr. Culley, the engineer in chief, who is in bad health?—I do.

680. How long have you held that position?—Since the transfer on the 29th of January 1870.

681. How were you employed previous to the transfer?—I was assistant engineer to the Electric and International Telegraph Company.

682. Then you have been connected for some time with telegraphs?—Since June 1850.

683. Would you describe to the Committee what are the principal duties of the engineer in chief?—The engineer in chief of the Telegraph Department controls the whole of the engineering operations, which comprise the construction of all new telegraphs on roads, and the supervision of the construction of telegraphs on railways, the maintenance of telegraphs on roads, and the supervision of their maintenance on railways; also, all the pneumatic communications, and the engines to work the same.

684. Will you explain what those duties in relation to pneumatic communications are?—The laying and working of pneumatic tubes underground to connect branch offices in the principal towns with the chief office of those towns.

685. And to carry?—For the purposes of collecting, and in some cases of distributing, messages to the branch offices. The submarine cables come also under his charge; that is the inter-insular cables, both the construction and the repair of those cables; the reporting upon all questions of policy or principle in which engineering operations come into play; the examination into new inventions, and the improvements in existing apparatus; and giving opinions generally on telegraph matters.

686. Will you state what are the different branches of the engineer in chief's office, and give an outline of the duties undertaken in each?—I think you may divide the engineer in chief's office into, say, three sections. One of these is what may be called the technical branch, and that

Chairman—continued.

embraces all operations connected with submarine cables, both the manufacture and the laying of new cables, and the renewal and repair of existing cables. In that office also are kept records of the condition of the wires throughout the country; that is to say, all records of the periodical tests of the wires throughout the country are recorded and examined there. They also keep records of all interruptions, noting the cause, the duration, and the means taken to prevent a recurrence of those interruptions.

687. The officer that does that is the electrician, is he not?—The electrician and the clerks immediately under him; some four or five members of his staff. Certain new stores which are purchased have to be tested and examined by him before they are accepted. I may mention that of course all new submarine cables and gutta-percha wire, and all new instruments of importance also pass through his hands before they are accepted. That branch also gives attention to any complaints of difficulty in working long circuits. It also gives attention to improvements in apparatus, and in testing and examining any new apparatus which may be submitted to the Department.

688. From whom does the engineer in chief obtain his instructions as regards the execution of works?—From the Secretary.

689. Direct?—Direct from the Secretary.

690. What is the second division, as you would term it, of the engineer in chief's office?—The duties of the second division comprise the framing of general reports, the issuing of the formal works orders for every work undertaken, and keeping plans and records of every wire put up or taken down, of every instrument fixed, and of every instrument changed; keeping records of the mileages, both of the lines of wire and of the instruments at offices. These, I think, comprise the chief duties of the second section.

691. And the third?—The third section would include the obtaining tenders for and the issuing orders for stores; the checking of estimates submitted for works, critically examining them, checking the expenditure, whether under the head of cash payments for labour, or of stores consumed,

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Chairman—continued.

sumed, as compared with the estimates for every work, and recording permanently the cost of each work as compared with the estimate.

Mr. *Sclater-Booth.*

692. Are you speaking of telegraph stores exclusively?—Of telegraph stores exclusively.

Chairman.

693. Then your three divisions might be put thus, I apprehend: the first for extensions and maintenance, the second for working, and the third for stores?—I should rather call them, first, electrical or technical; second, general management of engineering works, and the records of the same; third, stores, and the accounting for the consumption of the same.

694. In what relation do the seven divisional engineers stand to the engineer in chief?—They report to him on all matters connected with engineering operations, and they receive all instructions in regard to works and general management from the engineer in chief.

695. Mr. Tilley has already explained to us that the divisional engineers have superintendents under them; then under the superintendents there are inspectors, and under the inspectors linemen; what is the immediate duty of the superintendents?—The divisional engineer is the representative over a certain division of country of the engineer in chief; under him are the lieutenants, who have charge of sections; subdivisions, or sections under the division.

696. A smaller tract of country? — Each division is divided into either three or four subdivisions, in the charge of a superintendent, who reports to his divisional engineer.

697. And what is the function of the inspectors? — The inspectors are under the superintendents, and take charge of the linemen entrusted with the maintenance of sections of the subdivision; they guide and lead the several linemen immediately under them.

698. Taking the whole of the divisions together, are there not 41 superintendents, 103 inspectors, and 350 linemen upon the Estimates for the present year?—That may be so.

699. There are some vacancies not filled up, are there not?—In the provinces, excluding London, the Royal Engineers, and the factories, there are 28 superintendents acting at the present moment.

700. But including London there are 41 taken in the Estimates; is not that so?—In the Estimates I believe that is the case; there are some few vacancies.

701. Will you give me those employed in London?—Six superintendents in London; that is, 34 altogether.

702. But what makes the difference between the 34 and the 41 which are given in the Estimates?—It is partly due to unfilled vacancies; I make the number actually employed, including the superintendents of factories, 36. The difference is accounted for by two vacancies and three Royal Engineer superintendents.

703. Why then are 41 asked for in the Estimates?—There has been no alteration to speak of in the establishment since it was first struck; the vacancies, as they have occurred, have not yet been cancelled or filled up.

704. But if the numbers, as I have given them, which Parliament is asked for in the Esti-

Chairman—continued.

mates are correct, 41 superintendents, 103 inspectors, and 350 linemen, every divisional engineer has on an average five superintendents; every superintendent has two and a-half inspectors, and every inspector has only three and a-half linemen under him; is not that so?—The linemen shown on the establishment are short of the actual number employed.

705. That is to say, the established linemen; or do you refer to occasional labour?—I refer to permanent linemen.

706. That there are more employed than there are in the Estimates?—Than are shown on the establishment. The establishment has not been increased, having regard to the pending and other inquiries.

707. But according to the figures I have shown you, does there not appear to be far too large a staff of technical officers over the workmen and mechanics?—It would appear so, partly from the fact that the whole of the linemen are not shown on the establishment.

708. How many linemen are on the establishment in reality; 350 appear in the Estimates?—I have taken only the provinces in my tables. I find there are 278 established appointments, excluding the Royal Engineers, out of which there are at present 61 vacancies; but they are filled by acting linemen to the extent of 53, and supplemented by other linemen to the extent of 57.

709. There are only 42 line men in the metropolitan division, are there not?—Forty-two.

710. Therefore, the difference acccording to the Estimates between 350 and 42 would be the number of provincial linemen?—Yes; 30 Royal Engineer linemen.

711. And in addition to that, you say there are a considerable number more employed?—There are. In connection with that question, I think I should point out that the supervision, when it was established, provided also for the supervision of the item of labour 30,000 *l.*, which represents men employed from day to day.

712. So that the occasional labour is more expensive than the permanent; 24,337 *l.* only for the linemen is taken for the permanent, and 30,000 *l.* for the occasional; the occasional labour is really greater than what appears for the permanent labour?—Yes, they are required for renewals and repairs. Then there are further items of labour, namely, the labour under the four heads of construction in sub-head O.

713. But considering the inspectors as technical officers, although subordinate officers, the Estimates at present show, do they not, that 33,206 *l.* is the sum required for technical officers to superintend 350 linemen, who cost 24,337 *l.*, the cost of the officers being much more than the cost of the permanent mechanics and line men?—May I give you the exact figures incurred at the present moment?

714. First, as to the Estimates; that is the state as regards the Estimates, is it not?—Yes; but I think you are wrong in supposing that the inspectors are technical officers; the bulk of them are men of a class of gaugers, or foremen, who lead and conduct the operations of the linemen in their several sections.

715. What are their salaries?—The second class inspectors, of whom I am speaking, rise from 80 *l.* to 140 *l.*

716. And the first class?—From 140 *l.* to 200 *l.*

717. Would

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Mr. W. H. Winter.

2 May 1876.

Chairman—continued.

717. Would you call those mere working men who receive more than the payment of an officer in the army of a subaltern rank?—I think you must regard the second class inspectors all as working officers, and not as supervising officers.

718. Including the engineer in chief's branch also, in addition to technical officers, there are 94 clerks to assist him, is not that so; that includes 31 in the engineer in chief's office?—Yes, excluding relay clerks, factory clerks, and Royal Engineer clerks.

719. Ninety-four clerks to assist him at an expenditure of 13,205 *l.*?—Yes. The cost, however, I make 11,131 *l.*

720. Now I ask you whether, from your experience, you do not think that that is too large a staff for the purposes of the engineer in chief's office?—With regard to the duties performed in the engineer in chief's office, I am bound to say that the staff is insufficient for the work done.

721. I am not alluding to the engineer in chief's office in the sense in which you use the term, as the metropolitan office, but as the whole Maintenance Department?—I think it has already been admitted that the supervising force in the provinces is in excess of the present requirements, although not of the original and past requirements; but where you have supervising officers, and the correspondence has to pass through superintendents and divisional engineers, it is absolutely necessary that certain records should be kept in those offices involving clerical assistance.

722. But now, in your special department of the office you have a good deal to do with accounts and stores, have you not?—I have.

723. First, with regard to your own central office, is not a good deal of your own work regularly accounting work?—Certainly, with regard to the cash expenditure for engineering works, and the valuation of stores consumed on engineering works, that is to say, we combine with the critical examination of money expended and stores consumed, also the pricing out, and the recording in ledger accounts the cost of every item, so that we may check the cost of works against the Estimates, and present them in a complete form.

724. Are you of opinion that a certain portion, say a large portion, of your work might not be dealt with in the Accountant General's office?—Certainly not with economy, and I do not think with efficiency.

725. Will you explain the reasons which you have for saying so?—In the first place, we have to handle all accounts before they can be finally certified; we have to criticise the expenditure. Take for instance a given work; we have to see that a proper number of men are employed on that work, and that no exaggerated wages are paid for those men, and with regard to stores, that the proper stores are consumed on the work, and that the quantities consumed agree with the calculation of the quantities which ought to be consumed. Having to go through the accounts to that extent, a very little extra handling of the accounts produces them in a complete form and we are able to finally present the cost of each work, and to compare it with the original estimate.

726. Is there no overlapping of your accounts with the accounts of the Accountant General? For example, according as an account is above 100 *l.* in value, or below 100 *l.*, are there not two different systems of accounting in the office?—There are to the extent of the limit of 100 *l.*; that is to say, the Treasury requires us to keep an absolutely accurate account of the cost of every work, and to furnish periodical schedules, showing the original estimate and the actual cost. In the engineer in chief's office we keep a ledger account of every work undertaken for which a special order is issued, however small, and we are able to show the actual cost compared with the estimate. The Receiver and Accountant General at the present moment keeps a separate ledger account of all construction works, limited to construction, estimated to exceed 100 *l.*, and to that extent the work is duplicated.

727. Do not you think that that overlapping could be avoided?—I have put forward a representation to that effect, and it is now under consideration.

728. But now, going a little lower, is there not from the great sub-division into divisional engineer, superintendents, and inspectors, a considerable complication, not only in accounting, but also in reporting?—Of course the introduction of two officers above the rank of inspector does involve the passing of correspondence through two channels to the engineer in chief, instead of through one.

729. Is not the superintendent rather inclined to consider himself a small divisional engineer, and to have his inspectors reporting to him and accounting to him as the superintendent has to do to the divisional engineer?—The superintendents are merely in charge of sub-divisions or sections of the divisional engineer's division. They have independent accounts with the Receiver and Accountant General, that is to say for all purposes of cash accounting, they are sub-accountants to the Receiver and Accountant General, but their accounts are examined and certified by the divisional engineer.

730. How much latitude do you allow in the amount which they spend for labour to your divisional engineers?—A license is given through the divisional engineer to the superintendents to employ labour beyond the establishment, and without the necessity of applying for a special works order for incurring an expenditure to the extent of 60 *s.* per fortnight per superintendent's sub-division. The necessity for that expenditure has to be explained.

731. That is a very small latitude that you allow to high technical officers. Does not that produce a great quantity of forward and back reference, and complication in reports and accounts?—It involves the necessity of applying for works orders, which is a form of authority for works; but of course, if any emergency arises, that limit is not adhered to, but the fact of the necessity for the expenditure is reported for covering authority.

732. Did you issue about 2,000 works orders last year?—Something like that, I think.

733. Each of these works orders involves separate estimates, separate records, separate checks, and separate ledger entries, do they not?—They do.

734. But of 601 of these 2,000 works orders is it not the case that only 136, or a quarter of the whole, were for sums above 10 *l.*?—The number you quote, I think, refers to orders under the head of Maintenance.

735. I am

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Chairman—continued.

735. I am speaking of labour just now?—Labour on account of maintenance.

736. You had 465 cases where the expenditure on labour was under 10 *l.*, had you not?—I think that is so.

737. Leaving, therefore, 136, or only a fourth of the whole, above 10 *l.*, where these works orders were given?—Yes.

738. Now does not that with any efficient officers seem an enormous complication of accounts, to have separate estimates, records, and checks, and separate ledger entries?—It is somewhat large; but a somewhat similar arrangement was in force under the Electric Company. Of course it multiplies labour.

739. But if your technical officers are of a skilled character, as we understand your divisional engineers to be, might not a similar latitude be allowed to them to that which would be allowed by a contractor to his under engineers in any contract for the expenditure of considerably larger sums, without all the difficulties of a works order?—It might be so, certainly. The object of limiting it is rather to increase the check, and to induce uniformity through the several divisions.

740. But my chief object is to ask you whether you do not see in the future any means of simplifying that mode of working?—We might enlarge the limit, certainly. Of course it depends upon the class of officers who are permanently retained as acting officers.

741. I want now to ask you something about stores. I believe you take a large share in the management of stores?—I do.

742. Will you describe briefly the system adopted as regards the purchase of stores for the department?—At the commencement of the year, or before the commencement of the year, estimates are obtained of the amount of work to be done under the head of Maintenance and Renewals, and also an approximate idea of the work to be done under the head of Construction. Certain stores have to be provided early in advance; either they require to be procured at a certain season of the year, or else they require time for their preparation and manufacture. Those stores have to be seen to first; and for those, tenders from competing firms or merchants are obtained. The same practice is followed out with other stores; but I may explain that there are certain stores which we obtain either from patentees or from sole manufacturers. There, of course, the competition as regards price does not enter into the question. These tenders are obtained and examined, and a recommendation is sent forward through the Secretary to the Postmaster General to accept certain tenders.

743. After a thorough examination by the technical officers, I suppose?—Certainly.

744. Will you also explain the system in force as regards the records of stores obtained and expended?—When any new stores are delivered, the officer appointed to receive those stores is advised of the conditions of purchase; and with regard to certain particular stores there are certain standards up to which these stores must come; these stores are received from the manufacturer; the delivery note is certified or altered in accordance with the actual delivery, and those stores are debited to a stock account; in fact, before any accounts for stores are paid, not only do we obtain from the officer appointed to receive them a formal certificate that they have been received in accordance with the order or contract, and in good condition, but he has to debit himself in his stock account with these stores, to be subsequently accounted for as to the manner in which they are consumed.

745. Will you explain to the Committee what is the duty of the general technical staff of the engineers employed; they are chiefly employed upon the roads, are they not?—Mainly upon the roads.

746. I am not speaking of the traffic just now, but of the maintenance?—They are employed mainly on the roads, but they are also employed in supervising the construction works and the maintenance services rendered by the railway companies, and of course in visiting the offices.

747. I am now going to speak altogether about the railways; at the present moment you have 63,000 miles of wires upon roads, have you not?—Yes, including wires maintained by the department on railways in Ireland.

748. You have 45,000 miles of wire maintained by the railway companies themselves upon railways, have you not?—Yes.

749. And you have 10,000 miles in Ireland maintained by the Postmaster General on railways; is not that so?—Yes.

750. Making altogether 55,000 miles on railways, and 63,000 miles upon roads?—The figures are 55,000 miles on railways, and 53,000 on roads.

751. On the roads your property, no doubt, in wires and posts, is thoroughly known to you, and well scheduled?—It is.

752. Is that the case in regard to the property of the Postmaster General upon railways?—In most cases we can identify our wires on the railways; at any rate we have records of the mileages of them, and in most cases, I should say generally, we can identify the wires on the railways.

753. Supposing that you have 12 wires upon posts going down any railway, and say that eight of these belong to the Postmaster General, and four to the railway company, have you really the property of the Postmaster General carefully scheduled, so that you can say, "This wire, and that wire, and that wire belong to the Postmaster General, and the other wires belong to the railway company"?—We have not a schedule of that in the engineer in chief's office, but I believe each divisional engineer can tell which wires belong to the department, and which to the railway company. Of course, to change those wires would involve the changing of all the leading-in wires; the railway wires are led into the various stations; the Post Office wires branch off to the Post Office.

754. Do not some of the railway companies contend that all that they have to do is to give you a certain mileage of wires, but that they may decline to tell which are the property of the Postmaster General and which are their own?—I have heard that represented of one company by one officer in the Post Office only.

755. But you admit that in the head office you have no such schedule of the property of the Postmaster General?—No; only the number of wires. I may mention that in some cases there is a difference in gauge, and in those cases we can clearly identify the wires of the Postmaster General.

756. Will you explain to the Committee under what conditions the property of the Postmaster

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Mr. W. H. Winter.

3 May 1876.

Chairman—continued.

General upon the railways is maintained in a state of efficiency, at what expenditure?—The usual charge is 20*s.* per mile per wire per annum.

757. Which the railway companies receive from you?—Receive from the Postmaster General.

758. On what conditions do they receive that; do you certify as to the efficiency of the working?—Every account for maintenance (and those accounts are rendered quarterly) is first examined and certified by the divisional engineer having immediate charge of the supervision of that maintenance. Report is made to the engineer in chief, and he then finally certifies, if there is nothing to complain of.

759. On the whole, the railways have met the Post Office very fairly in maintaining the wires in a state of efficiency, have they not?—We have not had much difficulty, save perhaps with two or three railway companies. In certain cases we have had occasion to complain that they have scarcely kept the wires as free from interruption as they might have done, and we have deducted from their payments accordingly.

760. Is there any definition of the word "Maintenance" in the Act of 1868, as regards railway companies?—I think not in the Act, but in the deeds of grants subsequently entered into with the railways. The wires have to be maintained in efficient working order and condition, to the reasonable satisfaction of the inspecting officer or engineer of the Postmaster General.

761. But not a statutory condition that they should be kept as efficiently as they were taken over from the private companies?—I think that is not stated in so many words; but they were handed over to them in working order, and they have to maintain them in efficient working order.

762. In the same working order?—I do not know whether the word "same" is actually used.

763. For instance, in your road wires you sometimes find the necessity for new improvements; better insulation, better conductivity of the wires, and so on. Could you enforce the improvements which you make upon the roads, upon the railways? If you required a better insulation than existed at the time of the transfer, could you obtain it from the railways by any conditions which you possess?—As the rate fixed for maintenance was based upon the existing insulation at the time of transfer, I do not think we could compel the railway companies to take out those insulators and introduce an improved form either at the same price or at an increased price, without contributing to the cost of that operation. I think for the rate of payment fixed, all they have to do is to maintain in good condition plant of the same class as that handed over to them.

764. In the Act of 1868, is not the whole question with regard to this important subject of maintenance, contained in the following four lines: "The railway company shall maintain all the posts and wires used for public messages, the Postmaster General paying for the same as may be agreed or settled by arbitration;" is there anything else in the Act except that?—No, I believe that comprises the whole of the obligation under the Act.

765. Would it not be very advisable, both in the interests of the railway companies, and in the interests of the Post Office, that there should be some definition of the term "Maintenance," so as to introduce improvements, and to prevent confusion?—I think some amplification of the term "Maintenance" is desirable; but if you introduce the question of improvements, except you make also a proviso that such improvements, when desired by the Postmaster General, shall be paid for, I think you would raise the terms for maintenance. You will observe that the Act provided that the railway company shall maintain, and the Postmaster General shall pay for the same. If you require an increased service under the head of Maintenance, I think you must provide for increased payment.

Chairman—continued.

766. Supposing you had some such general regulation as this, that if you considered better insulation necessary, so much per-centage upon the cost should be charged; that would be a general principle which is not included in such a paragraph as that which I have just read?—That is so; but leaving the question of payment to arbitration, I think we could easily come to terms with the railway companies as to remuneration for improvements.

767. The telegraph engineers on the railways were chiefly derived from the old companies, were they not?—Mostly so.

768. And therefore they have the experience of the old companies, and work according to some standard?—To a certain extent they go on the same lines as the companies did.

769. But supposing that these engineers die out, what standard of maintenance on the railways will you have; have you any common experience on the railways to keep up a common standard?—We have not; but I think the provision that they shall be maintained to the reasonable satisfaction of the Postmaster General is, to a certain extent, a protecting provision.

770. Where is that contained?—In the deeds of grant.

771. Have you not, in the case of one railway, a special provision up to the year 1880, that no one shall judge except the engineer of the railway whether it is sufficiently maintained or not?—There is such a provision in a very exceptional agreement inherited from one of the telegraph companies, the Magnetic, and perpetuated for a certain term of years under the Postmaster General.

772. That the Postmaster General shall pay for the maintenance, but that he shall be no judge of whether the maintenance is good or not; that is the South Eastern Railway, is it not?—There is some such clause in the case of that railway.

773. Are not your conditions with railways various as to your powers upon railways. The London, Chatham, and Dover is the most precise, is it not?—I think it is. They are similar as far as we could obtain the same conditions from the railway companies.

774. Now supposing that two wires upon a line ceased to be of value, could you, under your arrangements with the railways, take away these two wires and cease to pay the 1 *l.* mileage for them, or must the wires remain in perpetuity as inherited from the company, whether required or not?—In the case of some few railways, there is a provision in the agreement scheduled to the Act, that we shall not discontinue or remove wires off the railway without the consent of the company. We have been in the habit when we have thrown a wire out of use, in many cases, of giving orders for its removal, and in most cases the

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Chairman—continued.

the order has been complied with without question.

775. But the clear condition of power is scarcely decided, is it?—Perhaps not definitely. Perhaps you will bear in mind that in some cases the payment for way leave constitutes the whole compensation to the railway company for their rights under the monopoly clause; and in such cases they are protected by a provision that we shall make a minimum annual payment for way leave, and which, of course, is quite fair and proper. In others, where a lump sum has been paid down, there is no such stipulation as to a minimum payment.

776. Are the conditions for posts and wires equally the same in railways as for postal services, for keeping them up in a state of efficiency; in other words, are the same conditions required for posts and wires used for railway purposes and for postal purposes; are the same conditions of construction and maintenance required in both cases?—In the case of the postal wires they often form sections of very long circuits, and the standard of insulation required for railway wires would scarcely come up to the standard required for postal purposes.

777. And, for instance, on the railway do you require the wiring of the poles for railway purposes as you do for postal purposes?—With regard to the condition of the posts, if they are sufficient to maintain the wires at a proper height from the ground, and sufficiently strong to withstand gales, if they are sufficient for railway purposes, they would be sufficient for postal purposes.

778. Then there is not much difference between them?—No, not in the case of poles.

Mr. *Sclater-Booth.*

779. You spoke just now of an injurious bargain, so to speak, which you inherited from the Magnetic Telegraph Company?—Through the South Eastern Company.

780. Was it incumbent upon you to take over that injurious bargain; what were the circumstances?—I had nothing to do with that negotiation with the South-Eastern Railway Company, and I am afraid I can scarcely answer that question. I do not think we shall have to endure that particular agreement under the same conditions throughout the terms stipulated for. I think we shall reduce that agreement to terms similar to those which exist for the rest of the Post Office wires.

781. The Chairman spoke about the difference which there is between the actual number of superintendents and the number borne on the Estimates for the coming year. Those Estimates, I suppose, were prepared some time ago?—Yes.

782. When were they prepared?—In October last.

783. When the department was being newly organised?—It was under consideration; and no alteration was made in the establishment on account of vacancies.

784. Is it the fact, then, that the 10 vacancies or so, of which you have spoken, are being experimentally kept open by the Postmaster General, with a view to seeing what reductions may be practised?—They are purposely kept open.

785. Does the same observation apply to the linemen?—The linemen borne on the establishment are short of the actual number required.

786. But still you have not placed the full

Mr. *Sclater Booth*—continued.

number of those that you actually employ, upon the Estimates, with a view to see whether or not that will be a final requirement?—In the case of the linemen, it is a question not yet settled as to the conditions under which new linemen shall enter the service.

787. Do you look forward to an increased number of linemen being required?—Except perhaps in Ireland, I do not think there will be any increase beyond the actual number of linemen now employed.

788. The whole question of the number of officers who will be hereafter required for the maintenance branch of the telegraph service, I understand, has engaged a great deal of attention in the department during the last six months?—Certainly the matter has been carefully inquired into, and a report has been submitted.

Mr. *John Holms.*

789. In relation to the numbers employed, let me ask, what were the numbers that you said were actually employed of linemen?—In the provinces, 363; that includes 36 mechanics and engine men; either engine men attending pneumatic engines or mechanics, otherwise brassworkers; it is not proposed to establish these men.

790. Does the 363 include those that you spoke of as being employed in London, the 42?—No, they are extra to those, and also to the Royal Engineers.

791. As regards inspectors, what is the number employed in London?—Twenty-one.

792. And the number employed in the provinces?—Seventy one, exclusive of the Royal Engineers; the bulk of those employed in London are employed in the central telegraph station, *i.e.*, in the instrument gallery.

793. Then your actual number is a little less than in the Estimates?—A little less.

794. You have chiefly to do, I think, with the purchase of stores?—I have a great deal to do with that.

795. There is no storekeeper, I think?—No, not a Storekeeper General, but every superintendent is to a certain extent a storekeeper; they render their monthly accounts.

796. You have to do with the purchase of stores?—Yes.

797. What is the character of the stores purchased?—The large items are timber, iron wire, gutta-percha wire, cross arms, insulators, bolts of all kinds, and apparatus of all kinds.

798. What is the value of stores that you purchase annually, in round numbers?—I should think something under 100,000 *l.* a year. About 60,000 *l.* for the year ended 31 March 1876.

799. That is for the whole country?—For the whole country, both for construction and maintenance.

800. You stated that a portion out of those stores were such that you could not buy by tender; that is to say, they were from patentees or from sole manufacturers?—Yes.

801. What proportion may be of that nature?—A small proportion only.

802. How much, should you fancy?—About 8,000 *l.* to 10,000 *l.* would cover it.

803. Then you stated that the next was purchased by tender?—Yes.

804. Do you mean by open tender or by a selected list?—In certain cases by open tender, but

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Mr. *W. H. Winter.*

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Mr. *John Holms*—continued.

but more generally speaking by competition between selected firms, the result of trials.

805. And how is that selection made, and by whom is it made?—Either by myself or the Engineer in Chief.

806. Then you or the engineer in chief have the power of putting on that list or taking off it any manufacturer?—Of inviting tenders from them, and recommending the Secretary or the Postmaster General the acceptance of any one.

807. What objection is there to letting all the world tender?—It would largely increase the labour of the office, and of course you would have to run a great risk as to the ability of the persons tendering to fulfil their contracts.

808. Have you ever tried that?—We have tried it with timber and with iron wire, and with some forms of apparatus.

809. And you found a difficulty in it, did you?—A very great deal of trouble indeed; in fact in the case of timber certain tenders were made, and in some cases accepted when the persons were utterly unable to obtain the materials or supply them.

810. In the case of timber, then, you have a selected list?—Timber we generally advertise for, because it is chiefly foreign timber that we employ.

811. Then that is open tender, is it?—That is generally open tender.

812. Then, as regards wire, what is the practice?—For that we have mainly selected firms now.

813. What number?—There were four; but they have practically been reduced to two.

814. Are those British manufacturers?—Yes.

815. Would you object to foreign manufacturers tendering?—We have tried foreign makers, but their quality did not come up to our standard.

816. But then supposing a foreign maker wished now to tender, what would he require to do?—He would communicate with the Secretary, and the letter would be referred to us, and we should ask him to submit samples.

817. But does not the fact of your having only that limited number on the list, to some extent shut the door on the public tendering, or seeking to tender?—It is open to any manufacturer to offer to submit samples, which we should ask them to do; but there are certain conditions which we attach to our specification which very few manufacturers can fulfil.

818. Have you no purchases by private purchase, apart altogether from patentees and sole manufacturers?—No.

819. What may be the value of your stores on an average that you have in hand?—I think at the present moment, including submarine cables, it is about 130,000 *l.*

820. Is it necessary to keep so large a stock?—I do not think we could reduce it very much; timber requires to be seasoned, and we are obliged to have a large stock of apparatus of various forms.

821. As regards old stores, have you any old stores?—Yes.

822. What value may you have of old stores on the average, at any given period?—Under the head of old stores we include battery refuse, and old copper and zinc plates, which of course run up the amount; but our ordinary old stores would consist of decayed poles and old rusty wires, unfit for further use.

Mr. *John Holms*—continued.

823. Nothing of great value?—I should think from 300 *l.* to 500 *l.* would cover the annual value of our old stores proper; but the copper deposit, and the old copper plates from batteries, which are taken great care of, run up the sum to perhaps more than double that.

824. Still the whole amount is not very important?—No, not very large.

825. I think you stated that the railway companies received 20 *s.* per mile per annum for the maintenance of the wires along the railway?—Yes.

826. What do you find to be the cost of maintaining wires upon the 63,000 miles of road which you have?—It is very difficult to separate the cost of the maintenance of any particular class of work, because the same man who undertakes the renewal of timber, the renewal and maintenance of wire, and the removal of faults, attends also to underground work, to over-house work, and to the battery and apparatus maintenance of the several offices; so that it is very difficult to obtain any exact measure of the cost of any particular section of the work that the one man attends to; but I should gather, taking into account the cost of conveyance, that the cost per mile on the roads exceeds 20 *s.*

827. But is it not necessary to know that, in order to see how far you are paying the railways too well or otherwise?—I have no doubt that the 20 *s.* paid to the companies gives them some profit; but when you take into consideration the fact that each wire has to bear its proportion of the cost of the maintenance and renewal of the poles by which it is supported, and that the department has no right to free passes for the men, or the free carriage of the stores for that duty, I do not think that the 20 *s.* gives them an unreasonable profit.

828. You have to do with the maintaining as well as the laying of the wires generally, have you not?—Yes.

829. When you wish to calculate the depreciation, how many years do you estimate a wire to last?—It depends on the position in which it is erected. In towns where they are erected over houses, from four to six years perhaps would see the end of most wires. In clean country, especially on the road where it is away from the smoke of the engines, probably 30 years would be the life. On railways, and especially in cuttings, it is very much shorter.

830. Have you formed in your own mind any judgment of what you would call the average time?—On the average, taking all the localities, probably from 15 to 22 years would be a fair average.

831. Then, as to instruments; how long do instruments generally last?—The instruments are from time to time, when necessary, brought into the factory and repaired; so that as long as the case holds together, and this can be repaired or renewed, the working parts are renewed from time to time; so that the life of an instrument, unless it is superseded by an improved form, would be very long.

832. It is somewhat difficult, perhaps, to form a very clear estimate?—It is. Except from an instrument becoming obsolete, owing to improvements,

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Mr. *John Holms*—continued.

ments, it is very seldom that an instrument is actually done away with.

833. What is the cost of an instrument, on the average?—It varies; we have several classes of instruments, and it therefore varies, of course, very materially. And each instrument is composed in most cases of several parts, except the simple single needle.

834. Now how many kinds of instruments have you employed?—The most simple form of instrument which we employ is the A B C., the alphabetical dial instrument of Wheatstone. Then come single needles, sounders, Morse ink-writers, duplex sounders, and duplex Morse inkers, and Wheatstone's automatic instruments.

835. Which form the largest proportion?—I suppose the largest number of instruments of any one class used is perhaps divided between the A B C instrument and the single needle. The A B C instrument is used to serve small post offices, where they have not trained telegraph clerks. Then the single needles are the next grade above that.

836. And what instrument do you put in now when you want new instruments?—We are trying now to introduce the sounder where new instruments are employed, and no very great or exceptional speed is necessary.

837. Will you tell the Committee the price of those three that you use that you have just named?—The Wheatstone A B C instrument, the set complete, including an alarum, costs about 12 *l.*

838. And the needle?—About 4 *l.*; but it involves the cost of batteries. A single needle and batteries would come to about from 6 *l.* to 7 *l.*

839. Then the sounders?—The sounder itself is a very cheap form of instrument; but it involves the use of a key, and of a relay, and of main batteries, and of local batteries.

840. But including all those, what does it cost?—About 11 *l.* or 12 *l.*

841. Could you put an average length of time upon them at all with regard to their life?—Except from an instrument becoming partially obsolete, I do not know that we have found an apparatus actually wear out from wear and tear, because working parts are renewed from time to time, as may be necessary.

842. As to the wires, there were a great number of wires, of course, taken over at the time that you took over the whole system from the telegraph companies?—Yes.

843. Is it not likely that you will require to have a very considerable number of renewals soon, on account of the number taken over then?—In the case of wires on the railways the renewals will fall on the railway companies; that comes under the 20 *s.* payment.

844. Then the others were put up by yourselves?—Those on the roads were either inherited from the telegraph companies, who mainly used the roads, or have been added since.

845. Those that have been inherited from the telegraph companies along the roads, of course, will in all probability require to be renewed very soon?—A large amount of renewal was made immediately after the transfer, to put the lines in working condition, for which in most cases an allowance was made by the telegraph companies.

846. Therefore you do not anticipate any very great expenditure arising from the necessity of

Mr. *John Holms*—continued.

great renewals?—There will be some renewals falling in, and probably some considerable renewals will fall in at one and the same time, although we are doing our best to spread those renewals over a series of years. But naturally, from a large amount of renewal having been done just about the time of the transfer, and from the fact that many new lines were put up within the first three years after the transfer, those to a certain extent will fall in for renewal at and about the same time. I said that we go on renewing from day to day, and are endeavouring to spread it as would be the case in an ordinary way.

847. Taking it over all this mass of wire that you have, of course naturally there is some portion of it that is very much worked, and others not very much?—Naturally so; the wires on the trunk lines connecting large towns are worked at a very high speed.

848. What are the trunk lines?—The lines from London to Liverpool, London to Manchester, London to Birmingham, London to Edinburgh, are all trunk lines, and there are many more.

849. Taking any one of those, for instance, that from London to Manchester, what is the power, do you think, at present of the existing wires to do more work; could they do twice or three times as much work if they had it to do?—There is some margin for additional work on the lines between London and Manchester, but chiefly in this direction, that we shall have to use on all wires fast speed instruments if the traffic should require it; but when you come to do that, you come to a certain sort of limit, because if all wires are worked at high speed and one fails from weather or accidental causes, then all your other wires will be more pressed; but there is room by the introduction of fast speed instruments on more wires than they are at present used on, for some extension of traffic.

850. But without adding anything at all, is there no margin at the present moment for doing more work upon that trunk line?—If you mean without changing instruments, I think not very much, not in the busy part of the day.

851. But taking the whole day through?—Of course after the rush of business hours and before the wires are used for press traffic at night, there may be a margin for more traffic without change of instruments; but that depends on whether you can get the messages out of business hours.

852. The object of my question is only to know what is the capacity of a wire to work during the whole time of the day, not at any particular hour; what is the capacity of that wire for carrying messages?—If you had messages to send, a wire might work at the same speed during the 24 hours.

853. Could it carry five times the number of messages that it carries now?—I think not between London and Manchester.

854. Could it three times?—I may say that during the night those wires are pretty well as much occupied as during the day; that is to say, certain wires are set apart and leased to certain newspapers, and we cannot use them for messages whilst so employed; other wires are used for the transmission of messages to the provincial newspapers, and therefore they are not available; and the number of wires available for messages in the

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Mr. *W. H. Winter.*

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Mr. *John Holms*—continued.

evening after 6 p.m., is very limited, owing to the occupation I have described.

855. I do not care when the messages come in, or of what character they are; but within the 24 hours, could you just now send twice as many messages as you do send, if you had them all lying at your hand to send?—Certainly not on the trunk lines.

856. What proportion of messages might you send beyond what you do?—On the very busy wires, from 10 to 20 per cent., perhaps, if you could keep them fully occupied between the time when they are employed on message work, during the busy hours of the day, and the time when they are taken up for press work at night.

857. Twenty per cent. is the whole margin, now, you think, in the 24 hours?—There is a period in the morning after the intelligence work is done, and probably with that you might reach, perhaps, from 30 to 40 per cent., if you could keep them thoroughly occupied the whole time on the main trunk lines, say between London and Manchester.

858. Then from 30 to 40 per cent. might be added if you had the messages at your own time?—I should think so; but the time when the special wires are given up by the newspapers in the morning is uncertain.

859. Then supposing that you wished to add to the power of sending messages beyond that, would it be any costly matter to increase the power by adding wires?—Yes, that would be a costly matter, say between London and Manchester, because the main trunk lines are pretty well full; I mean to say that it would involve probably a new route, and a new set of poles, to increase them in any number.

860. Are there many private wires?—A great many in the large towns. London, Newcastle, and Glasgow, perhaps, contain the largest number.

861. Do those private wires prove remunerative?—I think so decidedly, taking them on the whole.

Mr. *Watney.*

862. I think I understand that you have about 130,000 *l.* worth of stores; where are they kept?—At the different depôts throughout the country, the position of which depôts is selected as being most convenient for distributing the materials.

863. About how many depôts have you?—Thirty-four.

864. And of whom are they in charge?—The large depôts are at the factories at Gloucester-road, London, and Bolton, and they are each in charge of a superintendent. Each superintendent, as a rule, has a depôt for his sub-division, under the control of the divisional engineer.

865. Do you mean that a superintendent lives there?—No, not necessarily.

866. Who is the permanent officer on duty?—There is a storekeeper. He very often undertakes other duties; and when he is absent, the stores are locked. This applies to the district depôts, not to the factories.

867. Can you give me an idea of how many clerks are employed in the care of stores?—Except at the factories there are in the provinces no clerks set apart for the actual care of stores; the store accounts are made out in the superintendents' offices as a rule.

Mr. *Watney*—continued.

868. And the storekeeper is competent to keep an account of the stores, and to issue them?—Yes.

869. Under whose orders does he issue them?—Under the orders of his superintendent.

870. And are the stock books kept in one place, all in London, or in separate places?—There is a stock list which is kept at every depôt, showing monthly the issues and the receipts of stores; but, of course, there is a daily book in addition to that; then copies or extracts from these stock lists and stock accounts are sent up monthly to the chief office, and there they are checked, priced, and the value of the stores brought to account.

871. There is one question which I have to ask you about the different classes in your department, the line men, the inspectors, the superintendents, the divisional engineers, the engineers in chief, and the secretary. If I understood rightly, each class reports to the class immediately above them?—Yes; the inspector reports to his superintendent, and the superintendent embodies that report in his report to the divisional engineer.

872. Is that all in writing?—As a rule, yes.

873. You may have four or five various reports, then, about one question before it gets to the secretary?—Not necessarily. If the superintendent has made a sufficiently clear statement of the facts, the divisional engineer would endorse it with a few remarks, and forward the same.

874. Do you think it is advisable to let so many classes report one to the other?—No; I think there is one multiplication, probably, that may be dispensed with.

875. Which class is that?—That would be, probably, the divisional engineers or the superintendents; most probably the divisional engineers.

876. You think that possibly that might be done away with with advantage to the public service?—Yes, taking the present system. It would hardly have been sufficient at the time of the transfer, when a large amount of work had to be done in a very little time.

877. But now that you have got, or are getting, the system in something like order, any improvement of that kind you think might be made?—I think there are too many grades at the present moment.

878. And is everything done by report, or is there any personal supervision of the way the work is done by the superior officers?—Certainly there is personal supervision. The inspector exercises a supervision over the linemen, and aids in the work; the superintendent is a travelling officer, and inspects work done through his inspector, and by the linemen. Again, the divisional engineer is also a travelling officer, and personally inspects the lines and the offices.

879. The divisional engineer's time is a great deal occupied in his work, I suppose; and therefore he does not often go about to inspect the work, does he?—He does a great deal of travelling.

Mr. *Allsopp.*

880. Are you responsible entirely for the stores?—My certificate, or that of the engineer in chief, is the final one. I am personally responsible as representing the engineer in chief.

881. Yours is the final certificate, I understand you to say?—Yes.

882. And you have the power, I suppose, of appointing

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Mr. *Allsopp*—continued.

appointing certain people to compete, or otherwise, for the supply of these stores?—The selection is the result of experience of the different manufacturers. Of course, after a certain time we eliminate from our list those people who, either on account of price or quality, are found unable to compete.

883. Practically speaking, the power is left in your hands?—A list of all the people tendering is forwarded to the Secretary with our remarks.

Colonel *Alexander*.

884. Did the arrangement made between the War Office and the Post Office provide for training the Royal Engineers in working telegraphs as well as in maintaining them; in the manipulation, that is to say?—I believe it did to a certain extent; but I am not in possession of the whole of the information or correspondence with the War Office.

885. Mr. Tilley stated on Friday that the allotment of a division to the Royal Engineers would create a redundancy in the civilians employed in the office. Has the number of the civil maintenance staff been increased since the allotment of the eastern division was made in 1870 to the Royal Engineers?—The establishment of the civilians was not struck till 1872.

886. What I want to know is, since 1870, has the civilian staff been increased?—If it has been, it has been only where it has been rendered necessary by the construction of new and additional lines over new territory.

887. In point of fact it has been increased?—There was no regular establishment in 1870; it was in process of organisation at that time.

888. You do not know to what extent it has been increased?—It has not been increased to any extent since then, certainly not in supervising officers.

889. I did not mean only in supervising officers; but in the general staff with reference to the question of redundancy?—It has only been increased by perhaps a few linemen; and I hardly know that that has been the case, because there has been no very large addition to plant since 1872, when the establishment was struck, and certain men about that time were drafted from one section of Major Webber's division on to a new line that was then being completed; some few linemen.

890. In each year's Estimate for the maintenance staff has a provision been made for a probable increase in the force?—Since 1873, I think there has been.

891. Is there such a provision in this year's Estimates?—No, there is no such provision in this year's Estimates.

892. How has that sum for probable increase been expended?—That provision was rather to cover additional hands not provided for in the establishment, but which additional hands had been actually employed for some time previously; I mean prior to 1872.

893. On Friday, Mr. Tilley admitted, in answer to the Right honourable Gentleman in the Chair, that the overstaffing of the Engineering Department arose from the desire to rapidly extend the telegraph system throughout the country; were no other persons but those provided for in the Estimates employed in making that extension?—The supervising force established when the establishment was first struck was certainly made to provide for the rapid execution, and after maintenance of a large number of extensions and other works.

Colonel *Alexander*—continued.

Mr. *W. H. Winter*.

2 May 1876.

894. I mean in addition to the persons provided for on the Estimates, were no other persons employed by the Post Office during the extension of the telegraph system?—Only in the shape of labour.

895. Can you tell me how many persons of all classes, forming mechanics, labourers, &c., were employed in making the extension, in addition to the permanent maintenance staff appearing in the Estimates?—I cannot give you that number at the present moment.

896. But there was, I suppose, in point of fact, a very considerable number of additional men employed, in addition to those provided for in the Estimates?—Certainly; in the shape of workmen.

897. You admitted just now, in answer to the Right honourable Gentleman in the Chair, that the occasional labour, 30,000*l.*, was a greater charge on the Estimates than the permanent labour: can you tell me what proportion of the sum of 30,000*l.* for labour was expended in the eastern division?—I am afraid I have not that figure with me.

898. In point of fact, I suppose you know it to be a very small sum; 50*l.* would cover it, would it not, that is to say, out of the 30,000*l.*, about 50*l.* in the eastern division would cover the whole amount, I suppose?—I think not.

899. But a very trifling sum?—It depends upon the year when you take that figure. The extra labour under maintenance is involved by the renewals. If no renewals fall due in that particular division in a given year, the extra labour would be light.

900. Has it not, in point of fact, been as low as 47*l.* in the year?—I have not the information necessary to enable me to answer that question.

901. Has there been a decrease in the numbers of the maintenance staff in the Estimates for 1876-77, either in the Civil or the Military Department?—There has been no alteration in the number borne on the establishment of the civil officers; but Major Webber made some deduction, I think, in the number of men employed upon the eastern division.

902. Now, how do you account for this decrease?—In each year Major Webber has framed his own estimate for his own division, and given the number of men that he proposed to employ. Apparently he has made a reduction on this occasion.

903. Can you state to the Committee the greatest number of men of the Royal Engineers employed at any one time in the Telegraph Department of the Post Office?—I cannot give you the number now, because some of the Royal Engineers at one time, when we were very busy, were employed on some construction work.

904. Do you not know that the greatest number was about 167?—I believe that is about the number.

905. And can you tell me about the number now so employed?—Permanently, apparently there are 47; but Major Webber draws extra men as he requires them, from time to time, and returns them to the depôt.

906. Does not that, in your opinion, prove the great elasticity of that force; I mean the fact that it can be increased or diminished in that way

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Mr. W. H. Winter. 2 May 1876.

Colonel *Alexander*—continued.

way at a moment's notice?—Naturally, in all cases of emergency, in every department and every branch, even in the case of fire, for instance, recourse is always had to the military, because you have a trained body of men, who are otherwise idle for the moment.

907. That proves, as I say, the great elasticity of the force of the Royal Engineers, does it not?—Certainly, so far as they are at present trained in telegraph matters.

908. Have you ever had recourse to the services of those men formerly employed in the Telegraph Department who have since returned to the War Office?—On the occasion of the recent snowstorm we borrowed some men from the Royal Engineers to assist one of the railway companies in restoring their communications.

909. Does not that circumstance put you in a position to procure, on an emergency, labour which you could not otherwise obtain?—Certainly; they are a disciplined body of men to which you might have recourse; but this particular railway company did not require their services long; it was just for the emergency that they were employed, I think, three to four days.

910. Is it not the fact that in January 1876, at 24 hours' notice, the maintenance staff of the Royal Engineers in the eastern division, sent men to repair the telegraphs between Oxford and Gloucester?—They were drawn either from the Tower or Chatham, I think.

911. But they were sent by the Royal Engineers, in fact, at 24 hours' notice?—It was at a very brief notice, because, of course, they were unemployed at the time.

912. And in March, I think you say that the men of the Royal Engineers were employed in repairing the telegraphs on very short notice in the suburbs of London?—Yes, I think we got them in about a couple of days after they were telegraphed for; it was a limited number.

913. You would have had some difficulty, would you not, in obtaining civilian labour in the same period?—Yes, trained civilian labour; because there was a great demand just at that moment from all quarters for men who had any experience in telegraphy.

914. So that, independently of military considerations, you are of opinion, I suppose, that the Royal Engineers form a valuable reserve, in the absence of skilled labour, for re-establishing telegraphic communication on an emergency?—I certainly think that they do on an emergency, such as a snowstorm, when perhaps several lines are broken down, and there is a great demand in all directions simultaneously for a large body of men. Then, and only then, would they be of advantage; I mean that we have not felt the want of men in ordinary cases.

915. I believe that a large detachment of the Royal Engineers was employed, in conjunction with the 93rd Highlanders, in constructing new lines in the Highlands of Scotland, and that these men were generally encamped; is it not the fact that the Post Office could not, except at an enormous cost, have obtained other means of doing this work?—If my memory serves me rightly, I do not think that in that particular work there was any economy from the employment of the Royal Engineers; and I do not think that the Post Office Staff would have had difficulty in doing the same work.

Colonel *Alexander*—continued.

916. Do you not think that civilians might have objected to being encamped in the Highlands of Scotland under the circumstances?—I do not think so, because we had somewhat similar work to do in Ireland, and our men had then to camp out.

917. As you have up to the present year estimated for a probable increase of force, when was your attention first directed to the circumstance that you were over-staffed?—The question has been under consideration, I should think, for certainly over a twelvemonth.

918. Were not your eyes first opened to the circumstance that your engineering staff was susceptible of reduction by the report of the Committee of the Treasury last year?—No, I think it was felt that as the extent of the construction works fell off, and extensions were dropped, our supervising force was somewhat in excess. The date of the Report of the Committee of the Treasury is 17 July 1875.

919. But the circumstance still remains that the proposed reduction of the force coincides with the date of the appearance of the Treasury report; up to this time you have estimated for a probable increase of force, and now you make no such estimate?—The necessity for that estimated probable increase of force still exists, that is in some of the lower grades; that is to say, if the present number of supervising officers is continued, we must certainly have clerks to perform their clerical duties, which are not provided for in the establishment; and we must certainly add to our established linemen the actual linemen now found absolutely necessary, so that the probable increase of force has no reference whatever to an increase in the supervising staff.

920. You say that you require additional linemen; would it not then be cheaper to employ, as linemen, Royal Engineers than civilians, seeing that they can be sent back to the War Office, as Lord John Manners admits, at any moment?—I do not think there is any chance of our dispensing with any linemen, or decreasing the number of linemen we now have; and therefore the advantage in that respect of being able to send them back to the War Office would scarcely benefit the department.

921. Could you give me any figures which show the comparative cost of civilian and military work?—I have no figures with me to-day; I was unaware that that question would come up.

922. Would you ascertain that answer?—Yes. (*Subsequently the Witness furnished a Statement.*)

923. If it was found that the proportion o cost of material to the cost of labour expended was greater when the Royal Engineers were employed, would not that circumstance show that an economy arose out of the employment of the Royal Engineers, always supposing them to be as economical of the material as others?—Not necessarily; that would require investigation into the class of materials which they were actually using at the time, because the value of some materials is so much in excess of that of others; for instance, if they were laying down underground work with iron pipes, and gutta-percha wires, the proportionate cost of materials to labour would be less. The class of work done during any given period would have to be looked into; it would not necessarily follow that an economy arose out of their employment because the

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Colonel *Alexander*—continued.

the proportionate cost of materials to that of labour was greater than in the case of work done by civilians.

924. In the North Eastern Division, for the year 1875-6, 35 mechanics, linemen, &c., are estimated for at a cost of 2,401 *l.*; whereas in the Eastern Division for the same year, 38 mechanics, linemen, &c., are estimated for at a cost of 1,330 *l.* So that assuming the same difference to exist in the other items of the two estimates, the cost to the Post Office of maintaining the Eastern Division is much less, is it not, than that of maintaining the North Eastern Division?—I am not sure that the actual cost of maintaining the Eastern Division is less than that of the North Eastern Division; but if you take 30 men, the total wages of whom are borne by the department, and 30 men of the Royal Engineers, only the working pay of whom is borne by the department, naturally the cost per man is less in the latter case. That, of course, sets aside the question whether a man subject to military discipline and military regulations is, or is not equal as regards his capacity for manual work and labour, to a civilian.

925. So that your answer amounts to this, does it not, that it is much cheaper to employ military labour than civilian?—I do not admit that it is cheaper if you take into consideration the work done; but, of course, if you take 30 men at a lower rate of pay, seeing that the War Office bears a proportion of the pay of the Royal Engineers, the price per man is certainly less to the Post Office in their case than in that of the civilians.

926. But do not you think that, as a rule, 30 men of the Royal Engineers are as good labourers as 30 civilians?—I cannot say quite whether they are, or are not; but the working out of the cost of work done will to a certain extent show that.

927. But assuming them to be as good, it is quite clear, is it not, that their labour must be much cheaper than that of civilians?—Certainly; the Post Office pays each man a less amount of weekly pay, setting aside the proportion paid by the War Office.

Mr. *Ripley*.

928. I think you said that the arrangements with the railway companies worked generally satisfactory, when the lines were free from obstructions?—It is only in the case of a few railway companies, but we have had to make such grave complaints of frequency of interruptions, or the like, or of indifferent working, that we have had to stop payment of the maintenance charges.

929. What do you mean by interruptions?—If the wire is broken, for instance, that is what we call a dis-connection.

930. And not repaired promptly by the railway company, you mean?—Yes. A succession of interruptions of that sort would justify us in doing as I have said.

931. I presume that no wires are used in common by the railway companies and the Post Office?—Certainly not; the Post Office has its own wires on the railways, as on the roads, and the railway companies have their own wires. At certain offices, the railway companies take messages for the public, and send them over their wires until they come to the point at which they are handed over to the Post Office.

932. The wires on the railways belonging to

Mr. *Ripley*—continued.

the Post Office go direct from one post office to another?—That is so.

933. No connection being made in those wires with the wires or apparatus of the railway company?—That is so.

934. And in such cases as the railway companies having to send messages for the public, as they do from some stations, those mes are sent on their own wires?—Until some common handing-over point is reached; at those common handing-over points we have a local circuit from the railway station to the post office.

935. Some proposition has been made that there should be some additional charge for messages received by the railway companies?—That has been suggested.

936. May I ask whether that suggestion came from the office of the chief engineer?—No; from the secretary's office.

937. Do the post office pay a commission to the railway companies?—They pay a commission on the money taken, the extent of the commission depending on the extent of the service rendered by the railway company in dealing with the message.

938. You could not, perhaps, say what proportion that would bear to the cost of transmission by the post office itself from one of its own stations?—The railway companies, as a rule, would have a very short distance, comparatively, to send the message; but they get a certain commission if it involves one operation, and a double commission if it involves a double operation.

939. You have referred to the pneumatic tubes which are in use now in some of the larger towns; in how many towns are they in use?—There is a very extensive system of pneumatic tubes naturally in London. We have pneumatic tubes at Birmingham, Manchester, Liverpool, Glasgow, and Dublin, and we are just introducing a pneumatic tube at Newcastle.

940. Could you indicate very generally the directions in London of these tubes?—Of course, they centralise on the central telegraph station in St. Martins. We have a double pipe, and up and down tube, to Charing Cross, calling at Temple Bar. We have a single tube to Ludgate Circus, and then single or double tubes to the Stock Exchange, to the Submarine Office, to Lothbury, to Telegraph-street, Mincing-lane, Gresham House, Mark-lane, Leadenhall-street, Cornhill, and one or two other places.

941. Are these all of the same diameter?—All, except the tubes connecting the Stock Exchange with the central station, and the Strand with the central station are of a uniform gauge.

942. Could you tell the Committee the average cost per mile of the tube itself, and laying it?—The cost of laying the tubes is from 12 *s.* 8 *d.* to 18 *s.*, according to the number of the tubes laid in the same trench and the character of the paving.

943. What is the material?—The tubes are lead, encased in iron to prevent mechanical injury.

944. Through these tubes are transmitted the telegraph messages?—The messages are put into a gutta-percha carrier covered with felt.

945. Might not a similar system be used for the transmission of letters?—If you included letters in these tubes you would have to increase

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Mr. *W. H. Winter.*

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Mr. *Ripley*—continued.

the size of your tubes, which would increase the cost of working very materially.

946. I presume it is somewhat difficult to state the actual cost of working these pneumatic tubes relatively to the cost of working the telegraph; you have an engine at one point, have you not?—We have engines at the central station only, because messages are brought by vacuum to that station. They are sent from it by compressed air.

947. With reference to that mode of transmitting messages, provided it can be extended, is it your idea that it would be as cheap as telegraphing?—It is far cheaper than telegraphy, within limited distances and where the number of messages is large.

948. Take, for instance, a town extending over four or five miles in one direction, and four or five miles in another, and take the supposition that all the various district post offices are connected in the one case by telegraph wires, and in the other by pneumatic tubes, could messages be transmitted more cheaply from one district office to another by means of pneumatic tubes or by telegraph?—The first question is the question of distance. I do not think it would be practically useful to aid telegraphy by a pneumatic tube for a distance of over, say, two miles. Perhaps that is a little beyond the limit with our present size of tube; and if you increase the size you increase the cost of working enormously. It is a question also of the amount of traffic. You would want a sufficient amount of traffic to fill several wires for a distance of even two miles to pay for working a pneumatic tube.

949. But if you have one central point you can of course have any number of diverging lines for sending to the various points, not exceeding a distance of two miles in your idea, having in the one case an engine, by means of which you can send out the messages, and in the other bringing them back by compression?—Of course you would be limited by the power of your engine.

950. That is the mode of working, in point of fact?—An engine or engines at the central point, collecting the messages by means of vacuum and distributing them by means of compressed air. Perhaps two miles is rather beyond the limit of the practical use of such tubes as we have.

951. But within that limit the pneumatic tube is economical?—It is where you have sufficient traffic to warrant it.

952. You mentioned that you had a number of linesmen over the country who did work in connection with the maintenance and renewal and making of new lines, and so on; may I ask this; these men, I presume, are something more than common labourers; you would call them, to a certain extent, skilled workmen, would you not?—Skilled mechanics, to a certain extent; not in the ordinary acceptation of the term "mechanics;" but skilled workmen, certainly.

953. To what extent, and how many of these men are capable in case of need of repairing an instrument for instance, or any of them?—If there were a broken part of an instrument, one of these men would replace it with a new piece; but if it required much more than that, it would have to go into the factory.

954. But I mean any little repair capable of being done on the spot without the instrument being taken away; speaking generally, are all these men capable of doing that work?—They are not brass-workers, but they can adjust and remedy slight defects in instruments.

955. In point of fact, you supplement these men's labour for digging, and so on, by labour obtained on the spot as from time to time may be required?—That is so.

956. I think you stated that these men's wages were fixed practically in your office?—We recommend their rate of pay, or alterations in their pay.

957. Could you state generally what is the average rate of wages of these men who are called linemen?—A number of men have been in the service (having been taken over from the companies) for a great number of years. Linemen's wages run from 20 *s.* or 22 *s.*, depending upon the locality, up to a maximum of about 30 *s.* or 31 *s.* per week in exceptional cases. The average is about 25 *s.* or 26 *s.*, I think.

958. And above these you have inspectors and superintendents?—Yes.

959. Do these inspectors do any actual work?—In some cases, especially in the case of the second class of inspectors; they are, as it were, foremen; they rank as foremen or leading men.

960. Below the district engineers, could you tell me how many men are employed as superintendents and inspectors, doing no manual labour, but who are strictly employed, in the sense of inspectors?—Of course the superintendents do no manual labour, and the first class inspectors would hardly do manual labour; but most of the second class inspectors would lead as foremen.

961. And above these, are the seven divisional engineers?—Above the superintendents.

962. Would you state the places where these divisional engineers are located?—There is one in Dublin for Ireland, and one in Edinburgh for Scotland; one at Manchester for the northern division, one at Newark for the north eastern division, one at Birmingham for the north-western division, and one formerly at Southampton, but now in London, for the southern division. Then there is the Royal Engineers' division.

963. I think I have heard you say that these men do not exclusively confine themselves to their own office, but that they travel from time to time?—Certainly they are travelling officers for the purposes of supervision.

964. Of course they daily communicate with the head office on all matters on which they find it necessary to do so?—Yes.

965. In addition to that, do they make any periodical reports, general reports of what is going on in their district, say, during each month?—Not in the form of a periodical report. Of course there are fortnightly cash accounts and the stores accounts.

966. From day to day they communicate with the head office?—From day to day.

967. Would not you think it advisable that men occupying these positions, should from month to month make a summary of the important matters that have taken place in their districts?—I think it would simply be a duplication of the reports that they have made from time to time.

968. Of the daily reports which you in your office have to summarise, if you are to see what has

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Mr. *Ripley*—continued.

has been going on during that time?—We used to have somewhat similar reports in the time of the companies, but they were never put to any really practical use.

969. Would not a summary of that kind now be of very great use to lay before the secretary, in the general management of the telegraphs?—All matters of importance are laid before him from time to time; and that would be simply submitting to him in duplicate reports of circumstances with which he is thoroughly acquainted already.

970. He could not read over all these daily reports, whereas if they were summarised he could, is not that so?—Every case of importance has to be submitted to him, either for his decision or for his information.

971. With regard to these divisional engineers, are they allowed a sum of money for travelling expenses, or how are they paid?—They submit their travelling accounts monthly.

Dr. *Cameron.*

972. I shall not examine you at all about instruments, as I understand another gentleman will speak more in detail on that subject; but I wish to ask you a question or two regarding some answers that you gave to the honourable Member for Hackney, as I think they were calculated to convey a false impression to the Committee; there has been a very great increase in the carrying capacity of wires since the transfer, has there not?—Certainly; there has been the introduction of the duplex apparatus, and the greater use of the automatic apparatus.

973. The introduction of the duplex apparatus means, that you can double the carrying capacity of any wire?—That is so, save and except that of course in certain states of the atmosphere you can sometimes work singly when you cannot work duplex.

974. And the duplex arrangement is not the limit to which that system of multiplication of the carrying power of wires has been extended?—No, there is a system of quadruplex working, which has been tried both in America and in India.

975. And which works on very long circuits on some of the American lines?—Yes, I am informed so. Of course they have the benefit of a good climate.

976. Not only so, but there is a system at work in the Belgian post offices, Siemen's modification of Morse, which enables an ordinary clerk to do twice or three times the work which he can do with an ordinary Morse instrument, is not that so?—I am not acquainted with that system.

977. And these do not exhaust the inventions which have come into play for the modification of the carrying capacity of wires; for instance, there is Little's system, which is working now in the United States; can the duplex arrangement be applied to the A B C instruments?—As a rule, we seldom have a direct circuit fitted with an A B C instrument. The A B C instrument is employed on what may be called omnibus circuits.

978. Practically, all the circuits on which the A B C instruments are worked, are capable of carrying ten times the amount of messages that they send; is not that so, so far as the wires are concerned?—I think that is rather an enlarged view of the case.

Dr. *Cameron*—continued.

979. Say five times the amount?—I have no doubt that many of our sub-office circuits could carry more traffic if we had it.

980. I ask you whether, on the busy wires, you have not got the means of making each wire carry many times more messages on each day than it carries, by the introduction of more duplex or other high pressure circuits, and whether on the omnibus circuits, where you cannot introduce these improvements, the wires are not at present lying comparatively idle?—First, you are assuming the practicability of our being able largely to increase the carrying capacity of our main wires. That is hardly proved as yet in such a climate as we have.

981. Is it not the fact that the Bain instrument will work on long circuits at greater speed than even the automatic, and through almost any weather, at all events, through any weather that the Morse will?—It will record signals at a higher speed than the automatic, but it is affected by weather.

982. Not more so than the ordinary Morse?—All fast speed apparatus is certainly more affected by weather than slow, steady signalling.

983. You have had no experience, perhaps, to enable you to speak on that matter as to Bain's instrument?—We have not had a long experience, certainly.

984. You, personally, have had no experience of that?—No.

985. You were assistant engineer to the Electric Company?—I was.

986. Could you give me any idea as to the organisation of the old companies; under the present system we have divisional engineers, and so on, downwards; what was the organisation under the old companies?—We had mechanics and linemen, the same as the Post Office; we had also inspectors.

987. No sub-inspectors?—No, there were scarcely two grades of inspectors; and then above the inspectors we had superintendents taking the position of the divisional engineers.

988. Have you any figures of the proportion of each branch; could you give the numbers?—We seem to have had about 159 linemen on the maintenance staff of the Electric Company.

989. What number of inspectors?—Thirty-eight.

990. Superintendents?—Ten.

991. And above the superintendents?—The engineer in chief.

992. And an assistant engineer?—Yes.

993. Was not the work under the old companies much less subdivided than it is at present; that is to say, did not the same officer look after the technical engineering department and the management, and even the commercial department?—The superintendents performed those functions.

994. Is not now even the engineering, so far as the wires are concerned, to a large extent divorced from the inspection of the instruments?—The divisional engineers have charge of the construction and maintenance of the wires, and the construction and maintenance of the apparatus, and, to a certain extent, give advice with regard to the manipulation of the apparatus.

995. But

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Dr. *Cameron*—continued.

995. But is not the postmaster to a certain extent responsible for the instruments?— Certainly not; not for the condition of the instruments.

996. But reports concerning the instruments are made to him, are they not?—I presume that the clerks who are under the postmaster, if they wanted to make a general complaint, would, perhaps, represent it to him; but if there was simply a fault in the apparatus they would apply to an engineering officer to rectify it, if they could not themselves do so.

997. You spoke of tenders, and you said that a difficulty arose in the way of inviting open tenders; why do you not invite tenders for all you do? I understand that you have charge of stores, and so on; the honourable Member for Hackney asked you some questions on that point, and you explained that you did not purchase your stores by tender?—Not always by advertised tenders.

998. Why?—Take, for instance, the question of iron wire of which, of course, the consumption is large; there are very few manufacturers who can produce wire containing the particular features that we require.

999. What are those features; strength and conductivity?—Conductivity is one point; flexibility and ability to stretch under variations of temperature is another; and more particularly the supplying us with wires without manufacturer's welds or joints.

1000. Could not all these indispensable qualities be enumerated in an advertisement for tenders?—That has been done, but the manufacturers have not the plant to do it; they are unable to do it. We have had many tenders in which they say that they can give prices for wire, but omitting those chief points.

1001. But do you advertise for wires specifying the points you require?—Certainly, with a detailed specification.

1002. Then you do advertise?—We did at first.

1003. Why do you not now?—Because we obtained offers of no use to us, and we had to correspond and eliminate those offers before we could arrive at what we wanted.

1004. You said something, did you not, about some persons who had obtained contracts for you after having tendered having failed, and not having executed the tender?—No; for instance, with regard to native timber, we advertised for native timber at about the time of the transfer, and in certain cases when we received those offers the man did not possess the poles he offered.

1005. At the time of the transfer was there not "an extensive corner" in the timber trade in the matter of telegraph poles?—I should think not in the case of native timber.

1006. Was there not a large "ring" formed for the getting command of all timber available for telegraph poles?—I think not; there might have been to a certain extent in connection with foreign timber; but the competition was so keen that I do not think any ring of that kind could have affected the prices very injuriously.

1007. Assuming such a competition to have existed (and I have reason to know that it was at least attempted), a failure to secure satisfactory tenders at the time of the transfer would not be

Dr. *Cameron*—continued.

any reason, would it, for abstaining from attempting to get the lowest tenders now?—There was no lack of tenders when we advertised; we were inundated with tenders.

1008. And practically you are the sole judge of what tenders shall be accepted, are you not?—Certainly not the sole judge; either I or the engineer-in-chief submit tenders to the secretary for the information of the Postmaster General, with an indication or recommendation as to which of the several tenders submitted shall be accepted.

1009. And how frequently is your recommendation not followed?—It is generally followed in the end. Questions may be raised as to why a certain tender is recommended for acceptance, but that is always satisfactorily explained. I do not recollect any case in which our recommendation has been reversed.

1010. Therefore, practically, you are the sole judge of what contract should be accepted, and that without any opportunity of comparing the prices which advertising for tenders would afford you?—We submit a sufficient number of tenders to satisfy the Postmaster General that they are reasonable.

1011. Which means, practically, to satisfy you?—I suppose that the technical officers must exercise some judgment in those matters. They are always open to be called upon to explain. It is open to every man to submit offers, whether they are invited or not; every person in the kingdom, I should think, knows the nature of the articles that we deal in.

1012. But everyone cannot know the extent to which you require those articles, or the conditions under which you require them; supposing a fault is reported on a road line, what are the steps taken?—The fault is reported by the clerk in charge of the instrument gallery to the engineering officer responsible for the wires going out of that office.

1013. What does he do then; what steps does he take?—The fault is either localised by the clerk in charge of the instrument room, or by he engin eering officer, if necessary, and a lineman sent in search of it.

1014. In the case of a fault occurring on a railway line, what is done?—It is reported to the superintendent of the railway company, or any local officer deputed by him to receive those reports.

1015. What are the steps taken; the clerk in charge of the instrument reports to the engineering officer in the office?—In the office, or adjacent to it.

1016. And he reports to whom?—As a rule, the clerk in charge of the instrument room would know whether the fault was on a railway line or a road line, and he advises the engineer in any case, and if it is on the railway, the railway officer as well.

1017. And what does the engineering officer do in that case?—He, from the nature of the report made to him, would know whether he was responsible for the removal of the fault, or whether the railway company were responsible.

1018. I am assuming cases of fault on a railway line; is the postal engineering officer ever responsible for the faults on a railway line?—No, he is responsible to see that the railway company remove them in due time.

1019. That

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Dr. *Cameron*—continued.

1019. That is what I want to get at; what is the next step?—If it is on a railway, the railway officer has been advised; the engineer officer would do nothing immediately; but he would keep the report before him, and see that that fault was removed within a reasonable time.

1020. Are the faults on railway lines repaired as promptly as faults on postal lines?—We have occasional cases for complaint where perhaps the men fail to discover the fault, the same as we should have on the road. As a rule, they are removed generally in fair average time; and if they are not, if there is any delay in rectifying the faults, the subject is taken up with the railway superintendent.

1021. As to the relative efficiency of the railway and road wires, are the railway wires employed as efficient as the wires under the control of the Postmaster General?—No doubt we should prefer to have the maintenance of the wires on the railway in our own hands.

1022. Could you give any idea of the relative conductivity of the postal and the railway wires?—I presume you refer rather to insulation than to conductivity?

1023. Yes?—As a rule, taking one of our main trunk lines, the insulation of the railway wires will compare fairly, because we are constantly testing them and making representations to the railway company if the insulation falls. As a rule they are fairly maintained in comparison with postal wires on the roads.

1024. Is there any provision which would enable you to improve the condition of the plant on the railways?—I do not think you could ask the railway company to replace a form of insulator, which was in use at the time of the transfer, at their own cost, by a better one.

Chairman.

1025. Who has charge of the test station at the beginning of a railway where the wires are tested?—They are tested by postal officers.

1026. But have you any right to go upon the property of the railway and examine them at the test station?—As a rule they are tested from the post office rather than from the railway station; it is only in cases of difficulty that we should arrange with the railway officers to test from the railway station, because, as a rule, the underground wires are so good that they do not affect the test materially.

1027. Is it not the fact that it is not very clear whether you have any right to use the test stations of the railway for postal purposes unless you are on very good terms with the railway company?—The test box, which is the easiest point of disconnecting the wire, is at the railway station, and, as a rule, in the telegraph office at the railway station, and it would be as a matter of courtesy, according to present arrangements, that we should arrange with the railway telegraph superintendent to go there, and test the wires.

Dr. *Cameron.*

1028. What sort of insulators did you use when the road wires first came under the charge of the Post Office?—For all long circuits we used what they term a double shed insulator.

1029. Do you use it now?—Yes.

1030. You have not, therefore, changed the form of insulator which you use on the circuits requiring most perfect insulation?—No.

Dr. *Cameron*—continued.

1031. Then there is nothing, so far as insulators are concerned, to prevent the wires being as well insulated?—Of course at the time of the transfer these double-shed insulators were not universally used; if you wanted to use a wire not so insulated for a long circuit you would probably have to substitute a more costly insulator, and I do not think that under the fixed and unvarying charge for maintenance, you could call on the railway company to bear the expense of that.

1032. Do any of the railway companies use the double-shed insulators on postal wires?—Certainly.

1033. What percentage of the postal wires on railways would be insulated in that manner?—All the through and important ones.

1034. Then you did call on the railway companies to improve the insulators?—No, they were double-shed insulators at the time of the transfer, or if not, double-shed insulators were substituted by the Department.

1035. Have you any idea as to the proportion of the breaks down which occur on the road and on railway wires?—We have statistics in the office.

1036. You have very serious breakdowns in snowstorms?—Yes.

1037. I do not ask for statistics, but could you give any general idea as to whether these breaks down were more frequent on the road lines or on the railway lines?—In the particular tract of country visited by the snowstorm, they affected the road and the railway lines equally.

1038. You spoke about your department being concerned in the manufacture of cables, did you not?—No, all cables are manufactured by outsiders. I spoke of the testing of cables during manufacture.

1039. You spoke of one important division of your office as having to do with the records. Now is it not the fact that there is a great amount of recording done in connection with the engineering department of the Post Office?—I do not think unnecessarily so, except it may be under the head touched upon by the Right honourable the Chairman, that is to say, that small works under maintenance are dealt with separately; but that does not involve a large outlay.

1040. Is it not the fact that the Comptroller and Auditor General reports that your system of distinguishing items expended on maintenance under 100 *l.* from those above is carried on in such a manner as to be unintelligible to him. I find he says here, "In no one of the 24 cases referred to, could my department under the existing system have detected the fact that the works in question involved an expenditure of upwards of 100 *l.* each"?—He would detect it, I think, on the certificates that we send in, as regards works of construction.

1041. Then as to this matter, what is the process; supposing a lineman is sent a journey, for which the cost of fare would be 1 *s.* by railway, what steps must be taken in that case?—He simply fills up a blank warrant form, and presents it to the railway company, and they give him a ticket in exchange for it.

1042. In the first place this warrant form consists of three parts, does it not?—Yes; I am not

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Dr. *Cameron*—continued.

sure whether that has not been reduced to two recently.

1043. He gets one of those parts; he hands the second to whom?—To his inspector.

1044. And what does he do with the third?—The third he would not have to fill up at all; that would be filled up when these two blank forms were given to him for use.

1045. Whom is the third filled up by?—The third the inspector or superintendent holds and records upon it that he has entrusted that warrant to a lineman, naming him.

1046. Then the lineman goes to the company and they pass him?—Yes, they give him a ticket in exchange.

1047. Then the docket has to be cleared by the railway company?—They have to enter it in an account.

1048. To whom do they send it?—To the divisional engineer of the district.

1049. And he enters that somewhere?—The account is checked by his clerk; it would be checked by the counterparts of the warrants they send with the account.

1050. Could you give the Committee how many entries and counter-entries of checking this 1 *s.* railway ticket would involve?—The clerical labour is reduced to a minimum, and is very small indeed and not worth notice compared with the objectionable practice of having to entrust the cash to and keeping a cash account with the lineman.

1051. Do not you think that that could be avoided by arranging for a season ticket over a section of the line?—That has been done where it has been found that the number of journeys over a particular section or group of sections is sufficient to warrant the cost of a second-class season ticket.

1052. No arrangement has been attempted with the railway companies to find out whether they would give third-class season tickets?—That has always been refused.

1053. I understand you to say that there is a very elaborate account kept of the condition of the wires, and that this is worked out elaborately even in the case of wires, whose condition is perfectly satisfactory, as well as those in which it is unsatisfactory?—A monthly test is taken of all important circuits, and the condition of that circuit is worked out with a view to detect any fall in the insulation, or any fault likely to occasion stoppage of communication before such stoppage actually occurs.

1054. Is there no daily test taken; is not the state of each wire worked out daily?—A daily rough test is taken, but not in all cases worked out.

1055. In many cases it is?—In some cases it may be; not in many.

Chairman.

1056. Your daily test is a short operation, and your crucial test is the monthly operation?—Yes.

Dr. *Cameron.*

1057. The daily tests are not worked out in all cases?—Not in all. It is not a long operation in any case.

Mr. *Leveson Gower.*

1058. Are Post Office authorities kept acquainted with the improvements that take place in the telegraph business of other countries?—

Mr. *Leveson Gower*—continued.

Yes, we get the scientific journals and the telegraph journals of different countries.

1059. Is it any gentleman's especial duty to receive those reports?—They are all examined in the technical branch of the engineer in chief's office.

1060. But it is no one's duty more than anyone else's?—The electrician is at the head of that office; he is responsible for calling attention to anything of the kind; but the engineer in chief always sees those journals.

1061. Does he ever go abroad to inspect what is going on in other countries, or does he merely rely upon the reports sent to him?—Shortly after the transfer he took a special tour on the Continent.

1062. But not since?—Not since.

Mr. *Goldsmid.*

1063. I will ask you a few questions about the stores; you said that you were responsible for the stores?—Yes, as representing the engineer in chief, my certificate is final.

1064. All over the country?—Yes, all over the country.

1065. How many stations have you?—About 35 depôt?—Thirty-four.

1066. Do you know what stores there are in each depôt?—Yes.

1067. How often do you receive reports?—We have a monthly statement.

1068. And do you yourself decide what additions are required?—When any work has to be undertaken, the executive officer, if he cannot provide the stores from his local depôt, sends a requisition for such stores, certified by his divisional engineer, to the engineer in chief; then we either obtain them from the head factories or from a neighbouring depôt, always taking into consideration the question of the cost of carriage. If necessary we order new stores either through the factory or direct from the manufacturer.

1069. Have you got a central store?—Yes, at Gloucester-road, Regent's Park.

1070. From that store do you supply your minor stores?—As a rule, *i.e.*, if the articles have to undergo any operation at the hands of the officers of the department.

1071. Have you a storekeeper under you at the central store?—Yes, a superintendent of the factory, and he also takes control of the minor general depôt at Bolton.

1072. Then you practically consider him a storekeeper, I suppose?—Certainly; and he supervises all the mechanical and other operations in the factory, as we repair there largely.

1073. Can you tell me the amount of purchases made from the commencement. Did you purchase 518,000 *l.* worth of materials between September 1869 and March 1871. You have seen, probably, Mr. Blackwood, Captain Galton, and Mr. Rowsell's report upon the stores?—Yes, the figures in that report are correct.

1074. You bought, as it appears by that report, 518,000 *l.* worth between September 1869 and March 1871; 333,000 *l.* worth in the year ending 31st March 1872; 170,000 *l.* worth in the year ending 31st March 1873; 63,000 *l.* worth in the year ending March 1874, and in the nine months ending the 31st of December 1874, 33,000 *l.* worth?—Yes.

1075. Would you tell me why there has been such

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Mr. *Goldsmid*—continued.

such a diminution in the purchases?—On account of the cessation to a large extent of construction works.

1076. What do you consider the total average annual consumption of stores ought to be in value?—On maintenance the consumption is now about from 50,000 *l.* to 55,000 *l.*, perhaps rising to 60,000 *l.*

1077. And on construction?—It depends upon the number of works undertaken or proposed to be undertaken during the year.

1078. Still you can strike an average, probably. As much again, I suppose?—Perhaps not quite so much again; certainly not during the ensuing year.

1079. You have observed, probably, that notwithstanding the varying amounts of purchases made during the last four years, practically the stock in hand at the end of the year has been about the same in value, namely, 180,000 *l.* at the end of the financial year in 1872, 165,000 *l.* at the end of 1873, 163,000 *l.* at the end of March 1874, and on the 31st of December 1874, 161,000 *l.*, showing almost uniformity of value of stock during the last four years, with a varying amount of purchase?—Yes. You notice a great diminution in the consumption, and, to a certain extent, we have been drawing rather from stock than making new purchases. The stock now is reduced below the figures given in that paper.

1080. Is it a fact that no system with regard to purchases was established until after July 1872?—There was no formal system. The system inherited from the Electric Company was pursued up to that date, perhaps with a little less formality.

1081. *Ergo*, with less supervision?—Certainly not less supervision, but less paper formality.

1082. But now you have more paper formality?—Yes, since 1872, when the system was introduced.

1083. It is a fact, is it not, that not only with regard to the stores, but also with regard to general management, there is more office routine than there was under the old companies?—Yes, there is.

1084. In every department?—Yes, I believe so.

1085. Now, after 1872, as I understand, a system was established; is that the system which is now in vogue with regard to stores?—Mainly the same.

1086. Now you said that purchases by tender had been tried; will you tell me how often it has been tried?—You mean, as I understand, by advertised tender. Immediately after, or just about the time of the transfer, when very large quantities of timber, and iron wire, and of instruments were required, tenders were advertised for for those articles.

1087. Is it not the fact that tenders were only advertised for once, namely, in the year 1869?—I do not think they have been advertised for since. The result of those advertisements was, that we got hold of, certainly, a larger number of manufacturers than would be necessary to secure competition in prices.

1088. And from that date up to the present time, no advertisements have ever been issued?—I do not think they have. Tenders were subsequently advertised for for supplying and laying a line of underground pipes between Manchester and Liverpool.

Mr *Goldsmid*—continued.

1089. And therefore it is practically impossible for outside manufacturers to tender, because they do not know what is required?—I do not say it is impossible. Although we do not advertise, we invite a sufficient number of tenders.

1090. But as you do not advertise, it is practically impossible for outsiders to know what your requirements are, is it not?—I think not. I think the stores used in telegraphy are sufficiently well known.

1091. But is it not, practically, impossible for them to know what your requirements are, and how much you may want?—Certainly not. They can always make the inquiry and get an answer.

1092. By writing and inquiring what you want?—If they say, "We are prepared to supply you with a given article," or if they want a description or specification of that article, they can always have it.

1093. Is it a fact that, practically, there has been no competition for a large number of the stores purchased, inasmuch as the same makers have been applied to for prices on almost every occasion?—I do not think that can be alleged.

1094. I will call your attention to paragraph 24 of that report, signed by members of the public service. Paragraph 24 is, "There appears, moreover, to have been practically no competition for a large number of the stores purchased, inasmuch as the same makers were applied to for prices on almost every occasion. The number applied to was very limited, and the lowest tender was not invariably accepted"?—That is made up to the end of 1874, I think you will find.

1095. That was a fact up to that time then?—It was the fact then. For instance, in the case of gutta-percha wire.

1096. Do not let us go into the particular things, but will you answer me, "Yes," or "No," whether this is correct in the case of "a large number of the stores purchased"?—That is correct as regards the period referred to. It should be stated that, although competition in many articles was limited, competitive prices from two or more firms were in nearly all cases obtained when the required article could be procured from more than one maker. It should further be remarked that, although the value of the materials consumed by the department is large in the aggregate, when a few of the chief articles are eliminated the remainder of the amount is spread over a very large number of items, and the amount proper to each is not great. Many of the articles used in telegraphy require to be of a special quality and make, differing from those used in ordinary commerce. It thus follows that in numerous instances the quantity required by the department of a particular article is not sufficiently great to induce makers, on the chance of a stray order, to take the trouble necessary to produce the quality required by the department. The orders are, however, of sufficient importance to make it worth the while of our regular makers to take considerable trouble in order to retain our custom. Even in the case of the articles alluded to above, it has been the practice to divide the orders between two or more selected makers, both for the purpose of keeping down the price and of securing two or more sources of supply. Due attention being paid to price and quality, it has been considered better for the department to be able to maintain a regular and steady

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steady demand on a few select and reliable firms for certain stores, rather than to be repeatedly changing its sources of supply, with the result of failing to ensure a particular interest in meeting our requirements, and of making it the chief consideration of the manufacturer to obtain the largest amount of profit out of each particular order. By this course the risk and consequent inconvenience of an untried contractor failing to execute an order is greatly reduced. There are, of course, some articles to which these considerations do not apply, and which can be obtained in the open market.

1097. I want to call your attention next to paragraph 26 of the same report. Are you aware that the Committee state that they "see no reason why the system of purchase by means of tenders publicly advertised for should not be adopted, as a general rule, in the telegraph service, liberty being reserved to pass over the lowest tender for reasons approved by proper authority"?—I see that is the paragraph.

1098. Has it been attempted to do that?—Not yet.

1099. Although this report was made, I think you said in 1874, but I believe it is 1875?—It is dated 1875, but it refers to transactions up to December 1874, I think.

1100. Then I should like to call your attention to paragraph 29 of the same report. Are you aware that the Committee said that "care should be taken that the area of selected competition is sufficiently large to prevent the growth of monopolies; it should also be borne in mind that frequency of purchase, especially of the same article, is to be avoided, better terms being procurable for larger quantities"?—That has been acted upon.

1101. Since when?—Since the time when this report was framed we have been gradually extending the area of competition, and also purchasing for 12 months, as a rule, where it could be done, without running the risk of buying at a high price.

1102. When you invite competition amongst a select number of firms, do you invite it by a specification of what it is you require, or do you usually invite it by sample?—By specification, and in certain cases by sample.

1103. And may I ask, do you take the sample of any particular firm?—No, we take the sample as an approved sample.

1104. But I want to know whether this sample is the sample of a particular firm?—Not necessarily.

1105. For instance, with regard to wire, whose sample is it?—Well, we have two makers that we usually apply to for wire.

1106. And therefore their wire would be used as samples?—Naturally, if that is the best sample we can produce. But for wire we have a detailed specification.

1107. And do you mean the Committee to understand that there are only two makers capable of producing wire which is fit for your purposes?—Even the second of these two does not possess the means of producing wire precisely similar to that produced by the other maker. It is a patent manufacture.

1108. But because it is not precisely similar, does it follow that other wire may not be just as good?—It is not so good.

1109. You have two cases only on which you

Mr. *Goldsmid*—continued.

can found that. Are you aware that some of the finest wire made in the world is made on the Continent?—We have tried that wire, wire made in Westphalia, and different samples of foreign wire.

1110. When did you try it?—Some three or four years since.

1111. Have you got the report of those trials? Not with me.

1112. In the office have you?—It is, I think, sure to be producible.

1113. Do you mean the Committee to understand that there is only one firm in Great Britain capable of producing the best class of wire?—Wire rolled in long lengths and without a weld.

1114. Is it a fact, as stated in paragraph 35 of that same report from which I have already read, that you have been in the habit of making "long formal contracts"?—In some of the earlier purchases, during the first two years after the transfer, our contracts were reduced to a formal contract by the Solicitor of the Post Office.

1115. And the Committee report that that is "quite unnecessary, and not so useful as the simpler and equally binding instruments used in the War Office and the Admiralty." Have you since the date of that report adopted a simpler form?—No, we have not been buying stores in very large quantities. The stores we purchase are so multitudinous in numbers that we have not made any large purchases of any one article.

1116. Now I want to ask you a few questions on another part of this report, headed "Sale of Old Stores." Are the sums which have been realised by the sale of old stores, as follows: in 1870–71, 750 *l.*; in 1871-72, 1,500 *l.*; in 1872–73, 1,700 *l.*; in 1873-74, 770 *l.*; in 1874–75, 700 *l.*; and then the factories sales, 1,300 *l.*, 2,300 *l.*, 1,500 *l.*, 980 *l.*, 1,500 *l.*?—Yes.

1117. Making a total of 13,000 *l.* in those five years?—Yes.

1118. Is it the fact that even for the sale of old stores you do not advertise publicly?—A large portion of the old stores sold in the country consists of the sale of rusty iron wires, or broken or rotten poles. Those would not pay to pick up and collect and bring to a depôt where they would be worth advertising. You have to trust, in those cases, to get the best price that you can from local people who will remove them from where they lie on the roads, and bear all the cost of removal.

1119. But in regard to old stores, is it the practice to invite a few selected firms to send in tenders for the purchase of your old stores?—We have invited tenders from a considerable number, I think, in the case of old stores.

1120-1. From selected firms?—From persons that the companies have done business with.

1122. From selected firms?—From a certain number of named firms.

1123. Would it not be obviously to the public advantage to invite public tenders in those cases; what difference can it make to the department whether they sell to A. or B., provided B. can give a better price?—It would not matter in the least; I do not suppose that we should get better prices.

1124. Have you never heard of what is called a knock-out?—Yes.

1125. Do you know that where selected firms are taken, it is very common for it to be arranged

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Mr. *Goldsmid*—continued.

arranged what prices shall be sent in?—We have no reason to suppose that it has been so in these cases.

1126. You have applied to the same firms over and over again?—And additional firms; I think we have slightly extended our area.

1127. When did you extend your area; was it last year only?—I cannot speak positively as to that; I think in all cases we have had a sufficient number of offers to ensure our getting the best price.

1128. Of course you are aware that the Committee report that they "are strongly of opinion that the practice of periodical sales by public auction should be substituted for the plan hitherto adopted," of sale by means of tenders from a selected number of persons?—That is a part of their report.

1129. Do not you think it would relieve you of a great responsibility if you, as representing the chief engineer, had nothing to do with the purchase of stores?—I think it would be very inconvenient, as I have seen in other concerns, for the person who has to consume the stores, especially stores of such technical character as telegraph stores, if all the stores we had to use were purchased by another chief.

1130. Are you aware of the system of purchasing stores which is now adopted at the Admiralty?—I know that Mr. Rowsell is Director of Stores.

1131. Are you aware of the system of purchase adopted there?—No, I am not.

1132. Provided that in another department it were the practice for an independent officer to superintend the purchase of stores, subject to reference to individual officers as to the quality of the stores, you would see no objection, perhaps, to that plan being adopted in your department also?—I think the constant improvements and the constant changes made in telegraph stores would make it somewhat inconvenient for us to be tied up to yearly supplies through another department, especially considering the number of the articles required and the small quantities required of each of the greater number of articles.

1133. With a reference to technical officers as to the quality of the stores proposed to be purchased, do you see any advantage in your having the actual purchase?—Not if there were unlimited opportunities of communication with the officer making the contracts. I think such an arrangement as you have indicated might be possible, though there would be great inconveniences in it.

1134. For instance, suppose the Admiralty were purchasing a large store of timber, do not you think that the timber you require, even native timber, might also be so purchased?—I think it is quite possible.

1135. Are you not aware that the area of the timber market has been very much enlarged in the last few years?—We have not been largely in the timber market at all in the last few years.

1136. But the general area of it is enlarged very much, is it not?—Probably.

1137. But you have not taken any advantage of that?—We have a sufficient stock at the present time.

1138. Do you not find any deterioration of timber in consequence of your keeping such large stores of it?—The stoppage of extensions has involved our having a larger stock in hand at the present moment than we should otherwise have. When we bought, we bought for works considered to have been authorised.

Mr. *Goldsmid*—continued.

1139. Which have since been withdrawn?—The orders for proceeding with those works have been stopped.

1140. Then I will ask you generally; in your opinion could not your staff be very much simplified?—The supervising staff, do you mean?

1141. In your answers to the Chairman, you said, did you not, that practically, you had two heads to look after every man?—Scarcely that. You have to add the number of men represented by 30,000 *l.* for extra labour, and also the men represented by the labour portion of the cost of the several works under Sub-head O.

1142. Do not you think you could return to the simpler system of the telegraph companies?—It would be possible, no doubt.

Chairman.

1143. The Post Office, you are aware, as a revenue department, is under the Treasury?—Yes.

1144. This report which the honourable Member has alluded to in regard to stores is a report from a Treasury Committee?—Yes.

1145. That report is still *sub judice* under the Treasury, is it not, and has not yet been adopted and sent to the Post Office for action?—It has not been promulgated, nor have we received instructions to act under it.

1146. And may not that explain the natural difficulty to the honourable Member of understanding why you had not acted on the recommendations of this report?—That is the sole and entire explanation.

Mr. *Ripley.*

1147. You referred to the factory; have you stated to the Committee where it was located?—At Gloucester-road, Regent's-park, is the chief factory; there is a minor factory at Bolton, in Lancashire.

1148. With regard to those factories, I presume that all the instruments requiring repairs, beyond the casualties which can be repaired by linemen and others, are sent to these places to be repaired?—For all large repairs they are sent chiefly to the London factory; for minor repairs there are attached to the large offices a mechanic who can repair all minor defects.

1149. Who has charge of the London factory?—A superintendent.

1150. What is the extent of that factory; the number of hands generally?—Generally about 100 hands.

1151. Are they exclusively employed in repairs?—Not exclusively in repairs; in repairs, and in testing, fitting, and sending out new stores.

1152. Not making any new instruments?—Not as a rule, except patterns of any new instruments, or modifications of existing instruments.

1153. New instruments, in fact, are purchased outside from the makers?—Yes.

1154. Some of these instruments are still made, are they not, under patents which have not expired?—Yes.

1155. Others are open to competition?—Yes.

1156. In your opinion, would it be desirable for the Telegraph Department to make some of these instruments for which the patents have expired?—I think, in the case of an instrument for which you

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Mr. *Ripley*—continued.

you could give a distinct specification and a distinct pattern, you probably could get it made cheaper by contract.

Mr. *Meldon.*

1157. Have you any rule for the purchase of stores under which you act; do you purchase for present necessities, or do you lay in a stock which may be required for a year?—It depends very much on the article purchased. If it is an article likely to fluctuate in price, and if, when we want a supply, the price is high, we naturally make a limited purchase. If the price is low, we take advantage of the market.

1158. For instance, in timber, do you lay in a stock for 12 months?—Certainly, in the case of timber we are obliged to do that; for, in the first place, foreign timber can only be floated down at certain periods of the year; it can only be imported at certain periods, in fact.

1159. Would you tell me on what general rules you act?—Take oak cross-arms: oak trees are only felled during the month of May, and there are certain periods of the year when we can obtain them to the best advantage.

1160. Do you obtain a stock of such stores for a year as a general rule?—Yes; especially if it is an article of consumption that has to be brought to one central depôt to be manufactured or fitted. But as to stores obtainable at any period of the year, and which can be delivered by the manufacturer ready for use, we, as a rule, only buy as we want, because we send them straight away from the manufacturer's to the nearest depôt for actual use.

1161. As a general rule, of goods that can only be purchased at a particular time of the year, you lay in a year's supply; and other goods you buy as you want them?—Yes; but we frequently contract for a year's supply, and take them off the manufacturers' hands as we want them.

1162. In the purchase of stores do you advertise for tenders, or deal with such firms as you can. I believe the question has been asked before, but perhaps you will answer it again?—We have not advertised since a short time after the transfer. The stores we use are not used, with a few exceptions, in any large quantities. The descriptions of our different stores are very numerous.

1163. Are you the person to judge of the necessity of the purchase, and also to judge of the price to be given for the article purchased; do you judge of the necessity and the price to be given?—We have monthly accounts showing the consumption of all articles, and the balance left in stock all over the country; and before we purchase we satisfy ourselves that we cannot draw from the chief depôt, and also that we cannot draw from any other depôt without involving an excessive charge for carriage.

1164. But you are the person to judge of the necessities of the purchase, and also the price to be paid?—Yes, as representing the engineer in chief.

Mr. *Cavendish Bentinck.*

1165. Do you recollect the period when Major Webber was given a division?—Yes.

1166. At that time was there skilled labour easy to be obtained?—Skilled and trained linemen were a little scarce at that time, because there was so much new work being put up just then, and the railway companies had drafted away a good many skilled men.

Mr. *Cavendish Bentinck*—continued.

1167. Had the employment of the Sappers anything to do with that scarcity of labour; was it on account of the scarcity of labour that the Sappers were employed then?—Not necessarily, certainly; it was in compliance with the request of the War Department.

1168. But I understand that at that time when Major Webber was given a division, Sappers were then employed in other divisions as well?—Some were sent north on some construction work, I recollect.

1169. And were they sent there on construction work in consequence in any way of a difficulty in obtaining ordinary skilled labour?—It was to help to execute within reasonable time the large amount of work then thrown upon our hands.

1170. I want to know whether the employment of the sappers was in any way caused by the scarcity of labour?—I should scarcely think it was. There were the Sappers available, and there was all this work to be done; but had there been no Sappers available we should have got through the work, I think. I do not know that there would have been any particular difficulty in our getting through the work; it might have been delayed a short time, because we had such a vast amount of work on our hands.

1171. I meant this, whether, when there were such works of construction going on, it was not more useful to you to employ Sappers than ordinary labourers, on account of the scarcity of labour?—You may regard that almost as an emergency in which it might be well to avail ourselves of military labour.

1172. Then it was in consequence of the emergency that you did that?—And to afford facilities for the training of the Royal Engineers.

1173. In the early part of this year there was a breakdown, in consequence of the severity of the weather, was there not?—From a snowstorm.

1174. The Sappers were employed then?—For a short time then.

1175. They were employed, I suppose, I may say, from motives of emergency?—Quite so.

1176. I think the honourable and learned Member asked about the employment of Sappers on the Great Western; were they then employed on skilled labour or unskilled labour?—They were employed under the railway officers.

1177. They would therefore have to discharge whatever duties the railway officers imposed upon them?—Precisely so.

1178. I should like to ask something more about the item recently included in the Post Office Estimates, under "Increase of Force"; as I understood your answer it was not for an increase of force, but a sum which was taken for what you term unestablished force?—That is so; the establishment, as originally drawn, was reduced, under the supposition that certain appointments described as vacant were absolutely vacant, whereas the persons filling those posts had been employed an insufficient time for us to be able to be sufficiently satisfied with them to nominate them for appointments, and therefore they were incorrectly described as vacancies; that left a certain number of people unprovided for, and those are the people represented by that item, "Probable Increase of the Force"; they were the lower grade of employés, the linemen chiefly.

1179. With

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Colonel *Alexander*.

1179. With regard to one question put by the Right honourable Member for Whitehaven, did not Mr. Scudamore state in his report in 1871 that the Royal Engineers were employed at the request of the War Office?—I believe he did.

1180. You have stated to the Right honourable Gentleman that the Engineers were useful on an emergency. Now, may not that emergency very frequently occur, seeing that it has already occurred twice in the present year, namely, once in January and once in March?—We have had no snowstorm (that was the particular emergency), until that occasion, since 1866.

1181. No; but they were called out in January at 24 hours' notice to repair the line near Gloucester, and again in March at very short notice for the repair of lines in the suburbs of London; so that in point of fact, the emergency to which the Right honourable Gentleman has just alluded, has occurred twice within the present year?—We have, in fact, been unfortunate enough to have had three snowstorms this year.

1182. The emergency has, in fact, occurred twice within the present year?—Yes.

1183. You seem to have said, in answer to the Right honourable Gentleman when he asked you whether the labour was skilled labour in which the Royal Engineers were employed as linemen, that it was not. Were they not on this occasion so employed?—No, they were not, so far as I am aware.

1184. In what way would they be employed?—In setting up the poles, or planting new poles and attaching the wires.

1185. Could an ordinary labourer, called in for the first time, have performed that work without any previous instruction?—In ordinary cases we should have employed labourers for that work under the direction of inspectors and foremen.

1186. Could ordinary labourers, called in for

Colonel *Alexander*—continued.

Mr. *W. H. Winter*.

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that work at 24 hours' notice, have performed that work without previous instruction, even under the superintendence of your superintendent?—I cannot say what duties these men performed on this occasion; but certainly some of them would have to perform labour that unskilled labourers would.

1187. But as to the putting up of the poles, could that have been done by unskilled labour?—Yes.

1188. And the rest of the labour, generally repairing the telegraph wires, could that all have been done by unskilled labour?—I really cannot say upon what duties these men were employed by the railway company; but in an ordinary case of a breakdown a foreman and wire man would take charge of a gang of men, and they would assist in setting up the poles, and the wire men in attaching the wires.

Chairman.

1189. Unskilled labourers, you mean?—Unskilled labourers.

Colonel *Alexander*.

1190. But the men called in were not men employed at present by the Post Office; but were men brought from Chatham and other places?—Yes.

1191. Why, rather than bring those men from those places, did you not at once employ unskilled labour, if unskilled was quite as good as that of the Royal Engineers?—In this case I do not say that unskilled labour would be as good as these men, because they would have some knowledge of the construction of lines; but I cannot say what these men were employed by the company upon as their precise duty. Most likely in setting up the poles that were broken down. Then they had the advantage of being a disciplined force.

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Friday, 5th May 1876.

MEMBERS PRESENT:

Colonel Alexander.	Mr. Leveson Gower.
Mr. Charles Allsopp.	Mr. John Holms.
Mr. Cavendish Bentinck.	Mr. Meldon.
Dr. Cameron.	Lord Robert Montagu.
Mr. Cubitt.	Dr. Lyon Playfair.
Mr. William Beckett Denison.	Mr. Ripley.
Mr. Goldsmid.	Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. EDWARD GRAVES, called in; and Examined.

Mr. *Graves.*

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Chairman.

1192. WHAT is your position in the Post Office?—Divisional Engineer for the North Western Division.

1193. How long have you occupied that position?—Since the transfer.

1194. What were you previous to the acquisition of the telegraphs by the State?—Superintendent to the Electric Telegraph Company, for their Northern District.

1195. In your former capacity were you responsible for similar duties to those for which you are responsible at present, or had you the wires used for railway purposes inside offices to look after in addition?—I was responsible for the maintenance, not only in the offices, but upon the lines, both of the commercial and of the railway telegraphs.

1196. Was your work confined to railway stations only?—I had charge of the offices in towns, belonging to the Electric Telegraph Company.

1197. After you came into the Post Office was the character of your duties immediately changed?—Yes, in two ways; the direct maintenance for which I am responsible in my present sphere is chiefly upon roads; and I also gave up the charge of the conduct of commercial business, that is of the control and discipline of the staff, traffic management, and so on, that I formerly exercised.

1198. Did you find an organised staff in your division, such as you had before, to take command of?—On the contrary, it was necessary to create the staff out of the remains, so to speak, of the engineering force of the Magnetic and United Kingdom Companies, supplemented by such additional strength as we could procure.

1199. Formerly you were at York, were you not?—I was stationed there as my head quarters.

1200. What became of the staff which you had when you were there?—Almost the whole of it went into the service of the various railway companies.

Chairman—continued.

1201. Not into the service of the State?—Not into the service of the State; I am speaking of the engineering staff now.

1202. Were none of the engineering force of the Electric Company available for the service of the Post Office in your new district?—With the exception of two or three mechanics and a battery man, I believe the entire force went over to the North Western, Great Western, or other railway companies.

1203. Then you had to organise a new force?—Yes, a new force.

1204. As divisional engineer, will you tell the Committee what is the scope of your powers, both as regards action and expenditure?—I am responsible for carrying into execution all the works that may be authorised, for the discharge of the ordinary duties of maintaining and upholding the lines, and the apparatus in the offices, and for the control and discipline of the engineering staff; I may also call myself the representative of the engineer in chief, as inspecting officer of the system, in the district for which I am responsible.

1205. You have not yet mentioned what your district is?—My district includes that section of England that may be roughly described as lying within an irregular circle drawn from Liverpool by Manchester and Derby to London, and then across by Oxford and Gloucester and Hereford, to Aberystwith; independent of being inspecting officer, so to speak, of the lines directly under my charge, I am also responsible for the supervision of the railway companies who contract to maintain wires.

1206. I also asked you in regard to expenditure?—With regard to expenditure, the larger portion of that is rigidly defined by strict authorities, either standing authorities founded upon the Estimates, or special authorities that have to be obtained before outlay is made; for anything exceptional that arises, I have only power to authorise or expend an amount equivalent to 3 *l.* in one fortnight for each superintendent's district in

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Chairman—continued.

in labour; but when I say I have only that power, it should be understood by the Committee that if the facts in my judgment warrant it, I should not hesitate to expend a much larger sum, and to ask for covering authority.

1207. That is to say in any emergency, such as a breakdown by a snowstorm or by a gale, you would take upon yourself the responsibility of spending more?—I should take upon myself the responsibility of incurring whatever outlay was necessary.

1208. But under ordinary circumstances, does not the limitation to 60 *s.* for labour involve a great deal of reporting, backwards and forwards, from the divisional engineer to the engineer in chief's office?—It involves an infinite subdivision of heads of account, and each head of account carries with it special work.

1209. Do you think that might be remedied?—I think it is possible, by new arrangements and regulations, to remedy it without involving any evils.

1210. Do you report solely to the engineer in chief, or have you any communications direct with the Secretary?—In matters of ordinary engineering business I report solely to the engineer in chief; but there are various matters dealt with by the divisional engineers, not strictly of an engineering character; on those I report to the Secretary.

1211. That is if the Secretary asks you for a report, I suppose?—Yes. But beyond that there are certain special heads of formal business, dealing, for example, with measures of local rating, questions of payment for way leaves, and so on, in which the ordinary correspondence is with the Secretary.

1212. Do you consider the organisation which has been described to us in detail by previous witnesses (I mean the organisation of an engineer in chief, divisional engineers, superintendents, inspectors, and linemen) was really a necessary organisation at the period of its establishment?—I do.

1213. Why?—Because at that period, so far from being superfluous, the machinery constructed was scarcely adequate to cope with the work thrown upon it.

1214. Why was the pressure so heavy?—Not merely had maintenance to be carried out (and maintenance at that period meant the absolute renewal of nearly all the old road lines), but a system of extension and construction and addition to the system had to be forced on at very high pressure, realising an amount of work such as has never been done in telegraphs in the same period since their erection in this country commenced.

1215. Does the necessity for that organisation exist now?—It is now too cumbrous for its work.

1216. Then you agree with those who have already stated that to us?—I do.

1217. Do the officers of the engineering staff discharge any other functions than those of controlling the men of the lower grades for whom provision is made in the Estimates?—They do. The Estimates provide only for the established staff, that is for the staff recognised by the Treasury as being entitled to establishment and ultimate pension; but engaged on duties of ordinary maintenance there is a number of men in many divisions fully equal to those established, employed on the same work as the established force proper.

1218. You are speaking of linemen now?—Of linemen, and I may add a few clerks. In addition, there is the entire force occupied in works of construction, extensions to new offices, the erection of additional wires, the erection of private wires, and, finally, there remains the supervision of the railway contractors, who deal with a large part of the system.

1219. Then are you of opinion that the excess of force does not exist in all ranks of the staff?—Certainly not, if the force be measured by what appears upon the Estimates. The linemen, for example, are infinitely below the present requirements, as they have to be supplemented by the non-establishment men of whom I have spoken.

1220. And for whom a larger sum is paid?—And for whom a larger sum charged as labour not appropriated to distinct divisions, is paid. Inspectors, also, who are not officers, as a rule, in the proper sense of the word, are redundant only to a slight extent. In the higher ranks there is a very considerable redundancy.

1221. In the ranks of superintendents and divisional engineers, you mean?—In those ranks.

1222. Have you not recently, in conjunction with Mr. Preece, made a Report to the Secretary upon the re-organization of the engineering establishment?—In January last we were instructed by the Secretary to inquire into the whole question of the cost of the engineering establishment, and in accordance with those instructions a Report has been submitted.

1223. Will you explain to the Committee what is the substance of the propositions submitted to the Secretary in that Report, generally?—That, excepting for Ireland, the office of divisional engineer should be abolished; that the number of superintendents should be greatly reduced (I can give the exact figures of reduction, if desired); that their sphere of action should be enlarged, and their responsibility increased; that the London office should undertake more direct duties of control, so as to have a closer grasp than at present of the entire system; and that various subsidiary reforms, in the way of simplification of accounts and records, should be carried out, in order to lessen the clerical force now needed.

1224. As a general result, you think that an economy of about 13,000 *l.* a year might be produced by these reforms?—I think that an economy of fully that sum might be produced. I believe that it would be possible in practice to carry it further, although against that must be put in some cases the necessity of increased payment to individuals on the score of greater work and responsibility.

1225. Have you formed an opinion as to the suggestion made in the Treasury Report, that it might be possible to employ the divisional engineers as surveyors of postal districts?—I do not believe that it would be possible to make any such arrangements with advantage; I do not think it could be even wisely attempted.

1226. Why do you think so?—First, because the divisional engineers are too few in number, and the duty of a postal surveyor, as I understand it, requires a very close and minute per-

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Chairman—continued.

sonal knowledge of all the staff and all the duties of his district. Secondly, because the divisional engineers of telegraphs, ignorant as they must of necessity be for a long time, of even an outline of the requirements of postal operations, could only depend upon postal assistants for information and guidance; and thus in effect you would apparently substitute a few chief officers for many, with the result that for each chief officer you should read, in fact, that you had handed over the whole discretion and decision of the service, so far as it rested with him, to a junior lieutenant.

1227. But taking the reverse view, could not a postal surveyor do a considerable amount of work that the divisional engineer now does, if he had adequate technical assistance?—Very much the converse of the arguments that apply to the former proposition appears to me to apply to the alternative. You would place the responsibility in hands ignorant of the needs. No doubt a surveyor could endorse a technical assistant; but the result must in practice be this, that except in a very few cases one of two results must follow: either the surveyor would simply accept all that his assistant told him, or, if he chose to overrule the technical knowledge of such assistant, in accordance with his own fancies, he would be subject to perpetual appeals from such assistant to the higher authorities, and I doubt greatly whether the interests of the service or discipline would be forwarded.

1228. Is there much technical knowledge, in the ordinary sense of the term engineering, employed in keeping up posts and wire?—A good deal more than is generally ascribed to it. The proper keeping up of posts and wires involves a very competent knowledge of the electrical conditions under which wires work; and, secondly, a fair knowledge at least of mechanical powers is needed for their proper construction. One can do the ordinary work of maintenance by very ordinary hands, but the supervision must be in very competent ones, if it is to be effective.

1229. What is the extraordinary amount of technical knowledge involved in keeping up posts and wires; take the question of testing: supposing there is a fault between London and Glasgow, would you describe to the the Committee generally how that fault is traced, assuming that it is under your own control, and not under the railway?—Taking the wire between London and Glasgow, the first thing I do is to provide for disconnecting points, as they are termed, that is to say, to carry the wires into offices at certain distances apart. Assuming, for example, that the wire is led into Rugby, Stafford, Manchester, Preston, Carlisle, Glasgow; London, we will say, finds signals fail to Glasgow; his first step would be to take the half-way house, Manchester, and ask Manchester to disconnect the wire, or to put it to earth, as the case might be, according to the nature of the fault, and so he would determine whether the interruption was north or south of Manchester. If it were south of Manchester, he would then repeat the process to another half-way house, say Stafford. Having ascertained, we will suppose, that it was south of Stafford, he would do the same thing with Rugby, until at last he had localised it, and narrowed the district on which the fault must rest

Chairman—continued.

to a particular length between two particular points; then the officer and the linemen directly concerned in the maintenance of that particular section would be warned and called upon to proceed immediately to remove the cause of the interruption.

1230. But how much technical knowledge is required in that? I presume, ultimately, you will get the fault located in about a 10-mile length; a great deal of that testing is mere telegraphing work, to find out whether the fault exists between one station and another, is it not?—That simple form of test to which you now refer is in effect nearly all performed by clerks in the offices, and is not very technical.

1231. Supposing you find that the fault is in a 10-mile length, who proceeds to repair it; is it not the linemen?—The linemen are distributed at certain distances apart, so that, particularly on main roads, that is to say on roads carrying many wires, they may, as far as possible, be within 20 or 22 miles of each other; and, as a rule, the distances in which the faults are localised are between those two points. The linemen are warned, and they proceed until they meet and find the fault.

1232. In that operation there is not much technical knowledge involved, is there; does not the technical knowledge resolve itself into the insulation of the wires, and the proper stretching of the wires between post and post?—Yes, and also the knowledge of the conditions that affect the maintenance of insulation, and the recognition of the variation of the conditions upon long and short wires.

1233. Supposing you have an intelligent surveyor, assisted by a competent technical officer, is there anything in that that he is not capable of performing without being brought up as an engineer; that side of the question involves little difficulty?—The difficulty rests rather with apparatus and apparatus management.

1234. I think in your Report you have recommended that, to a considerable extent, the apparatus should be adjusted by clerks in the offices, if some motive is given to them to acquire a higher intelligence?—I believe much may be done in that way.

1235. That, again, is a case with which the postal surveyor comes into immediate connection?—As regards the discharge of what I may call the ordinary or daily duty of regulation certainly.

1236. But clearly not in a mechanical difficulty; that goes to the factory?—Certainly; and not where the question arises of the employment of particular forms of apparatus.

1237. But what I am trying to ascertain now, for the information of the Committee, is whether there are not two things, a higher engineering knowledge that must exist in the central office itself as the heart of the system, and a small amount of technical knowledge which might be used for maintenance of wires and posts between station and station?—No doubt there is that difference.

1238. You have mentioned in your Report that you consider that the number of superintendents might be diminished. Do you suggest a diminution of the first or second class superintendents, or both?—Indiscriminately. The idea that we had in our minds was to retain the best men

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Chairman—continued.

men without regard to their special present grade.

1239. If I understand you rightly that you would abolish the divisions into which the country is divided, that would throw considerably more responsibility upon the head office, would it not?—It would do so.

1240. In what way do you think that this increased responsibility can be provided for?—By a modification of the arrangement now existing in the London office. At the present, the engineer in chief is responsible for the entire service of the engineering staff of the department, but in practice the engineer in chief personally deals with but a limited portion of it. The assistant engineer in chief is also confined almost solely within the walls of the London office. The result is that anything like outside inspection, supervision, discipline, or control of the engineering staff rests entirely with the divisional engineers, and it would therefore be requisite to so strengthen the London organisation as to provide for the duty ceasing to be discharged in the country, and needing to be dealt with at the central point. We conceived that the requirements of the service in this way might be met by indicating three main branches of engineering work, each to be transacted by a responsible officer; one, the technical in the highest sense of the word, that involving the examination into scientific peculiarities, apparatus, and so on, submarine cables, and other work germane to it; next, the control, inspection, and so on, of the lines; and then, dealt with entirely separately from the conduct of work, the management and check of the stores accounts, control of stores, depôts, and general examination into matters of engineering finance.

1241. Each of these being a separate branch?—Each of these being a separate branch.

1242. Now let us go into that a little; your engineer in chief at present produces unity in the management, does he not?—In principle.

1243. Not in practice?—Well, as I have said, in practice the action of the London office, as regards a large part of the work that seems to come under the head of central control, everything like inspection of what exists, is absolutely *nil.*

1244. Is done by the divisional engineers alone, you mean?—Is done by the divisional engineers alone.

1245. But perhaps that may be partly accounted for by four or five years of bad health on the part of your chief engineer?—Partly, no doubt, but still from the nature of the case, with all the work of reference and decision, and all the time occupied with reference to questions of a scientific character, the chief engineer alone could not do very much.

1246. Beyond that there would be the surveyor general?—Yes; but of course his duty would not have reference to engineering matters; more to commercial matters.

1247. Supposing your technical officer were to be a scientific officer having charge of new forms of apparatus, and matter connected with the instruments used, and supposing he were to say, "There is a certain form of apparatus which I think ought to be used," he may come into collision with the storekeeper, and the storekeeper says, "No, there is such a large store of other apparatus in my department that I do not want to increase the stores"; and then the third person may possibly say to him, the one who has control over the lines and the wires, "Your form of apparatus is not at all suited to the system which I have upon my lines"; how do you bring those three clashing separate interests into unity without one responsible chief?—The responsible chief, of course, in that sense, must be the secretary.

1248. Who has no technical knowledge?—Who has no personal technical knowledge.

1249. Have you any suggestion to make as to how to get these three persons into unity of administration?—There is no doubt that the separation of branches in that way is an apparent blot; but it was devised as being likely to render the best practical results under existing circumstances, and the unity that is undoubtedly desirable we hope to obtain by the action of members of the three branches as a joint committee, so to speak, on technical matters; and although I should hope that a difference of opinion, such as the Right honourable Chairman has pointed out, would very rarely arise, still, if it did arise, the probability is that two out of the three members would be in union.

1250. Then you would use your executive officers as a board inside the administrative unity of the secretary?—Certainly.

1251. And then the surveyor general, is he to be a member of that board?—In the report submitted to the secretary it will be seen that we deal with matters of an engineering character wholly; in fact, our commission extended no further. But it certainly appears to me that in many very important respects joint action between the engineering staff and the surveyor general would be of the greatest value.

1252. Is it not the fact just now that the technical knowledge possessed by high-class engineering officers in the service, possessing a large amount of technical and scientific knowledge, is not practically fully available for the conduct of traffic?—Strictly speaking, it can hardly be said to be officially availed of for the conduct of traffic at all; although, particularly recently, the secretary often thinks it right to consult the engineering officers in matters affecting traffic.

1253. But is it not your opinion that if you had an engineering centre such as you describe, with such high technical knowledge, it might be made of the greatest importance to the economy of traffic throughout the country inside the offices?—I believe that if the members of the engineering centre, such as we have suggested, were brought into close relation with the secretary, and were allowed to act when beyond the office as visiting representatives of the secretary, having authority to examine into and report upon traffic matters to him, very great advantage would accrue.

1254. I suppose in that you include the surveyor general, for that is his duty, is it not?—Precisely; the surveyor general would, of necessity, undertake inquiry into matters of commercial traffic as his personal and principal duty. The engineers would, in a measure, take that as a secondary duty; but such secondary action, I think, would be very valuable.

1255. In reference to what you said just now, if your right of advising officially were recognised,

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Chairman—continued.

cognised, would a postmaster, for example, be expected to accept the divisional engineer's advice as being practically an instruction?—As things stand at present, a divisional engineer, I conceive, has no right whatever to intimate even an opinion to a postmaster; although it is right to say also, in speaking for my own division, that I have always found the greatest readiness to adopt my suggestions, and have never had any difficulty in getting them carried into effect. Still, it is by courtesy of the postal officers and not by right; and therefore I assume that it would be a good thing in any future arrangements if some equivalent authority was given to the chief engineering officer as a right.

1256. Then, according to your plan, do you propose that the junior technical officers should be made useful to the surveyors who have charge of the traffic?—Directly, of course, the junior officers would be responsible to the head office in London; and as they would be much diminished in number, and have a wider area in which to operate, they would be pretty fully occupied. But in the selection of those to be retained care should be taken, as far as possible, other things being equal, to fix at the district centres men who had from previous training a knowledge of traffic requirements and of management. Most of these men, although, of course, reporting to their own chief, would, I trust, become locally extremely useful to the surveyors in the way of advisers if called upon, and as practical assistants in matters needing advanced technical knowledge for inquiry.

1257. How do you supply your local technical officers in future?—Do you mean in succession to the men now existing?

1258. Yes?—There are two modes: one, a certain number of inspectors on the present staff are educated men, who have entered the service with the hope of rising; this is one source of supply. Another, and a more extensive one, I think will be found in encouraging the senior clerks at large offices to turn their attention to the acquisition of advanced technical knowledge, in the hope of succeeding by-and-by to vacancies that must present themselves on the engineering staff proper.

1259. Then how do you propose that the ordinary telegraphic clerks shall obtain a higher intelligence and become capable of working the traffic in a more scientific and economical method?—By showing them that there is a direct advantage obtainable by themselves as a result of the acquisition of the knowledge it is desirable that they should possess; first the system of bonuses or gratuities, prizes, so to speak, obtainable by the operative or manipulating clerks on the recommendation of the engineering officer, but with the concurrence of the surveyor, because for disciplinary reasons his concurrence is necessary: and next by the secretary laying it down as a rule that, other things being equal as to seniority and general business capacity, preference for promotion shall always be given to the clerk who has shown himself possessed of technical knowledge and who is desirous of obtaining technical information.

1260. You desire to open a career to him by showing that the higher branches of the service are open to merit, and may be obtained by him?—Certainly; I believe that in the service itself men familiar with its needs and acquainted with its practical requirements can be trained, and infinitely more efficiently, even for the most technical posts, than the men who may pass very high-class examinations, divorced so to speak from practical work.

Chairman—continued.

1261. Would there be a great saving effected in smaller work at distant places if the clerks took charge of an instrument instead of always depending upon a lineman or an inspection to put it right when it goes wrong?—At offices of a fourth or fifth grade, that is to say offices where there may be one telegraph clerk or so and at which no lineman resides, I believe that the operation of some such stimulus as that which I have suggested for the acquisition of knowledge (that is an occasional bonus in the event of doing what may be termed engineering work, and saving of money), would be of advantage; but with regard to the much more numerous class of small offices at which the work is done by agents, by postmasters receiving small weekly allowances to provide assistance, I do not think that any appreciable economy would arise from the action of these people within the office.

1262. These are not your offices at all; they are offices by contract?—They are offices by contract, and very often the only available staff is a young girl. It is obviously out of the question that the work of washing batteries, cleansing them, and so on (the chief duty perhaps at such places) could be carried out by such an agency.

1263. I happened to have occasion to send a telegram to-day in such an office, and on asking the telegraph clerk who repaired his instrument when it got out of order, he said that on all ordinary occasions he did it himself, and that only in a few cases had he to get the assistance of linemen. Do you think that not common?—It is not common; there are a few cases where it is done with advantage, and may be encouraged; but I am sorry to say our experience has been in the majority of cases amateur assistance of the kind has generally ended in involving a greater cost than if it had never been rendered.

1264. Is it not the case that in India and in Germany the instruments are taken charge of practically by the clerks within the office?—Certainly, and with parity of condition, it could be done here; but in India (of which I can speak better than of Germany) there are two vital differences. In India, so far as I am aware, every telegraph office is in charge of a competent telegraphist; secondly, the distances between these offices are so great that were it necessary to send for a lineman specially, the cost would be a most serious thing.

1265. But practically they do take charge of them, and do not find much difficulty, do they?—I cannot speak from personal knowledge on the question of difficulty, but I believe they do take charge.

1266. Would you shortly explain how the work of a wire is ascertained by what is termed the tablet check, in order to see whether it is doing its proper amount of work or not?—The tablet check is, in fact, a diary of the business done upon each wire between certain hours, kept at a certain number of selected offices. The very small

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small offices do not keep them; the large centres do.

1267. Once in eight days?—Yes, once in eight days. At first they were introduced daily, but the labour arising therefrom was found to be too great, and they were reduced to eight days. The check consists of two parts, a detailed machinery and an abstract of results. The detail machine is a piece of paper kept by the side of each instrument, upon which the clerk as he despatches or receives a message marks each hour under a given space, the time it has been delayed on his instrument, whether under five minutes or under 10 minutes, or so on, the result being to show the hourly business on each wire. At the end of the day these sheets are codified, and a general statement is drawn up showing the total business done during the hours for which the return is kept, that is from nine a.m. to six p.m. on each circuit, and also the delays to which the messages were subjected, how many were despatched in five minutes, how many in ten minutes, and so forth.

1268. It has been stated to the Committee, and I wish to know how far it is true, that these tablet checks lead to considerable immorality in the offices, by inducing clerks to fabricate returns showing great speed in the use of their wires?—I am afraid that the statement is not devoid of foundation; in fact, I know that cases have occurred justifying the charge. But I am bound to say that I think it is far too sweeping a statement to imply that anything like general immorality is promoted by the action of these tablets. Some months ago, in order to satisfy myself as to the extent to which they could be relied upon, particularly with regard to the total number of messages (for that was the point that most interested myself), I compared the figures returned to me on various tablets. For example, I received one from Birmingham showing certain delays on wires to Manchester. I took the Manchester tablet, and compared the Manchester statement of the same day as the tablet of Birmingham. One can hardly conceive the clerks at each end conspiring methodically to put down false figures; and the examination of a number of these returns showed very trifling discrepancies.

1269. In fact the tablet check is a sort of barometer which shows the rise and fall of work in a particular circuit?—It does, and it enables you to contrast the performance of one circuit with another under analogous conditions.

1270. Is it not the fact that with one division it is not used; I mean in the metropolitan office?—It is so.

1271. But what is used in the metropolitan office is a very simple hourly return of the number of messages and the maximum delay during the hour?—I would rather not speak for the metropolitan office, for fear I may fall into error.

1272. If such a check is found sufficient, would it not be a much simpler form than the tablet check?—I attach very little importance to that portion of the tablet check which graduates the delays into five minutes, ten minutes, and so on. Any return that gave me the total amount of work and a general estimate of the delay would be sufficient.

1273. I should like to understand the relation between the surveyor general and the engineer in their work. Supposing the surveyor general recommends certain new wires, would the engineer under your plan have any other function than to estimate the cost of the operation and to carry it out if decided upon?—Certainly. I take it that the surveyor general (for illustration) may recommend that a certain new wire should be provided to supply the needs of communication between Birmingham and Leicester. It would be his business to satisfy the secretary that such a wire was necessary, that the traffic required the aid at all, and he might, from some certain local circumstances coming to his knowledge, suggest some mode of providing that wire; perhaps some mode of obtaining it from re-arranging the existing wires. Then it would be for the engineer, possessing as he ought to do a closer knowledge of the material plant of the department, and more exact knowledge of the wires that might be set free or might exist as spare, to suggest any modification of the method of carrying out the proposed arrangement that may strike him as desirable.

1274. If you had your board arrangement, would not that imply that the surveyor general and your three sub-divisions must act continually in concert?—Undoubtedly to a very large extent.

1275. Have you had occasion in your division to see the action of the special arrangements staff?—I have.

1276. What is your opinion of the manner in which it is worked?—I believe that the idea that prompted the creation of the special staff was a perfectly sound one, and that the special staff has rendered very good service; but I believe that as now managed, it is not in all cases economical, and does not in all cases promote efficiency.

1277. In what manner, in your opinion, is it not economical or efficient?—The want of economy is chiefly illustrated by cases in which representatives of the special staff have been sent very long distances from London to remote parts of North Wales (which I have now in my mind) to transact business; very often the transmission of a speech, for example. It has not been sufficient in value to repay even the fare of the clerk travelling. In many of those cases I know as a fact beyond question that the necessary force could have been drawn from neighbouring offices at a fraction of the outlay. It is, generally speaking, this line of objection that constitutes the want of economy, the sending or collecting together of a special staff force from great distances when a cheaper force is available closer at hand.

1278. But is that very generally the case?—At one period it was much more general than at present. Recently there has been a tendency to contract the operations of the staff in that way. I think more may be done by economising in that direction, although I still believe that a special staff is requisite. I did not answer another part of the question, that is, with regard to efficiency. The mode in which I think it somewhat limits efficiency is on account of the discouragement which the fact of the special staff making its appearance whenever any exceptional occurrence takes place inflicts upon the local staff. I think it is infinitely more important to encourage a wide average of zeal and efficiency than

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Mr. *Graves.*

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Chairman—continued.

than to encourage a few officers to the highest point; and all the local officers find their opportunities for distinction are gone when the special staff appears.

1279. Are there not some instances in which it would be quite impossible for the local staff to undertake a certain duty?—Yes, there are; and there are many instances where, although the working staff might be collected, a supervising force of more experienced men is needed.

1280. What is your proposal, then; would you propose to consolidate the special staff with some other department, or in what way would you deal with it?—I should hardly like to formulate any opinion on that point. I have not formed one. I have gone no further than to say that I think it may be economised; and I think it is a subject for inquiry.

1281. Have you directed your attention at all to the mode in which telegraphists are taught in the schools of instruction?—I am aware of the mode in which it is carried out.

1282. With regard to the telegraphists who have come out of these schools of instruction, have you found them possessed of any intelligent knowledge, or have they merely an empirical knowledge of manipulative processes?—They simply possess the empirical knowledge of manipulation; they can read certain signs, and move certain keys up and down in a defined attitude.

1283. Would you be surprised to find a skilled instrument clerk not knowing the difference even between insulation and the conductivity of a wire?—I may almost say that I should be astonished if a junior clerk did know that.

1284. Or that he did not know the difference between the wire portion of a circuit and the earth return?—I should expect him to know nothing about that.

1285. Or that he did not know the difference between the zinc plate of a battery and the copper plate of a battery?—I should doubt whether many of them would know that zinc and copper plates entered into the construction of a battery.

1286. Is it your opinion that clerks with such an unintelligent knowledge of the work that they are doing are likely to be the most economical machines for carrying it out?—On that point, considering the juvenile age at which the majority of the young clerks enter the service of the department, and seeing the exceedingly subordinate positions in which in the first place they are employed, I do not think it matters much, as regards the discharge of the duties absolutely entrusted to them, whether they know anything of the laws which govern the machine they work or not; but what I think of infinitely more importance is, that as soon as they have attained a certain amount of operative efficiency, and understand the mechanical part of their duty, they should have an instruction, a school training, which should afford them the means of acquiring the knowledge in which they are deficient.

1287. Do you not think that a man engaged in any occupation, with an intelligent mind, ought to be something more than an ambidexterous monkey?—Certainly.

1288. But from what you say about manipulation, I understand that is all that your telegraph clerks possess?—I am afraid it would be rather unfair to the service if I were simply to say, "Yes" to that. In entering the service with what they learn in a school of instruction, the matter is precisely as you put it; but nearly all the intelligent ones learn much after they have entered the offices, and the great need seems to be to encourage them when they have acquired some knowledge of the formal routine in the offices.

Chairman—continued.

Mr. *W. B. Denison.*

1289. What means have the junior clerks of getting into a school?—I am afraid I am not sufficiently up in that to answer the question.

1290. As to the special staff, you say that it is very often found not to pay. Would you have an extra charge made to newspapers, under those circumstances, for special reports of speeches, and so forth?—Not an extra charge. Until recently the department undertook the entire risk of the value of the traffic it might acquire. I believe newspapers, in some places, requiring special reports, have been required to guarantee a certain amount of business.

1291. Recently?—I should not like to say precisely; but I know that, within a recent period, the expense has been borne without such guarantee.

1292. On whose recommendation or application is the special staff sent down?—Until within a few months past, I think, it was mainly a matter of the discretion of the officer in charge of the special staff; now, I believe, it is chiefly regulated by the Secretary.

1293. What happens if an instrument is out of order, and the clerk in charge cannot repair it; is not the business of that office at a standstill until a skilled workman can be brought down?—If I simply answered, "Yes," I should answer delusively. A case of the kind very rarely occurs. At all the offices of any magnitude there is either entire, or in part, a spare apparatus at hand; it is only in very small offices indeed that an absolute stoppage could arise, and with some 1,800 instruments in my own immediate charge such a case as that does not happen once in three months.

1294. It has happened twice in the town in which I live?—That must be an exception.

Mr. *John Holms.*

1295. You said that you were formerly in the service of the Electric Telegraph Company?—Yes.

1296. You had there the control of the staff?—Yes.

1297. And you have now in your division?—Then I had the control both of the engineering and commercial or clerical staff; now of the engineering.

1298. Could you inform the Committee upon what terms each class of persons were employed by the Electric Telegraph Company, the rates of payment, and the conditions upon which they were engaged?—The telegraph companies had no defined scales. Unlike a Government Department, there was no pre-arranged establishment. Young clerks (I am speaking now of the commercial or operative branch) usually entered at payments from 10*s.* to 12*s.* per week. They were not required to serve any fixed time at any fixed

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Mr. *John Holms*—continued.

fixed rate of pay, but were promoted either as vacancies arose or in accordance with proved efficiency. One great feature that distinguished the arrangements of the companies from those of the department in this respect was the interchangeability of the staff. At a small country town you had a junior clerk getting a few shillings a week. He was efficient. A vacancy arose at a large town at higher pay, and he was sent there and received the value of the vacancy; and this, I conceive, acted better in many respects than the existing operations of this department. At present, the department fills its largest centres by learners educated in schools, and to a very small degree obtains help there from its smaller offices. I fancy the system of training your young entrants at low pay at small places, and then, when efficient, transferring them to higher offices at larger pay, has a double advantage. You obtain your pupils readily, and also you preserve a tolerable average of efficiency, instead of having, as at present, a great number of slightly trained hands. Beyond these features I think there is scarcely any definite point of difference that I can mark. The rates of pay of the clerks in the service of the companies ranged from 10*s.* to 60*s.* per week.

1299. Then when you speak of their interchangeability you mean that they were engaged to make themselves generally useful and to go where they were asked to go?—Each candidate had to fill up a form of appointment before he was taken on as a learner, and the question therein was: "Are you ready to leave home if required?" and the answer was "Yes," almost invariably.

1300. Have you got that form of engagement now?—I believe not.

1301. Do you think it would be a good thing to have that as a condition for those employed in the same character as those in the company you were with?—I believe certainly it would be.

1302. You had no arrangement in the old company in which you were employed as regards pensions?—No; commercial companies, I believe, in very few cases have.

1303. As regards the time of the engagement in the case of the companies I suppose it was by the week?—In the junior ranks; afterwards annually or quarterly.

1304. In the Post Office how is it with the junior ranks?—The appointment of clerks I have nothing whatever to do with, and I have only hearsay knowledge of the rates of pay. I think other officers would give that better.

1305. In one of your answers you stated that you found an excess of force, but not in all the ranks?—Of the engineering staff, certainly.

1306. In which ranks did you find an excess of force?—The higher.

1307. And in which did you find rather a want of force?—Absolute want of force, in the sense that there are not men performing the necessary duty, can scarcely be said to exist in any rank; but the men borne on the Estimates for the lower ranks are below the needs, and they have to be supplemented by men paid as labour on the Estimates. Therefore there is no absolute want, but there is no surplus.

1308. From time to time you have to fill up vacancies?—Yes.

Mr. *John Holms*—continued.

1309. From what class of men do you do so?—In the case of inspectors, it has so happened that we have not had a single vacancy to fill up since the establishment was fixed, because the vacancies since arising have been economised. In the case of linemen the openings that have arisen (and they have been tolerably numerous from men leaving the service) have chiefly been filled by men who have acquired a certain amount of practical knowledge by working on construction operations and extensions of lines, and so on, who have been engaged as labourers though recognised as linemen.

1310. In the case of linemen, I find here in the Estimates of this year that there are 57 inspectors and linemen receiving pensions just now?—Yes.

1311. I suppose that is one of the evils probably arising from the want of arrangement as to engagement?—I think I can explain that. These are not pensions given for service to the Post Office; they are pensions given under the Telegraph Act of 1868 to the staff of the late companies, then found redundant, or which the department was compelled to let go, in compensation for the loss of their prior offices.

1312. But those inspectors and linemen were really engaged weekly, as I understand by your previous statement; upon what ground did they receive compensation?—Under one particular clause in the Act of 1868, which entitled them to it. If the pay reaches a certain sum per annum, whether it be weekly or not, it has been ruled by the law officers that compensation must be paid.

1313. Was there no arrangement made at that time, in 1868, that should the department have work that they could give to those men of the various grades, they should be ready to give their services?—The position in 1870, founded upon the Act of 1868, was one that left the department very little latitude of action. Under one clause of the Telegraph Act, for example, it was made a matter of law that all the wires that the Post Office retained upon the railways, the commercial wires of the former companies, should be maintained and upheld by the railway companies, and the railway companies further, were empowered to require from the Post Office such telegraph facilities, or telegraph apparatus and wires, as might be necessary for the working of their own traffic and business. This was the position in which the railway companies stood by Act of Parliament. Then, when 1870 came, the course they took with the Post Office was this: they said, "We are bound to maintain and uphold, and keep in working order, your wires upon our railways, and if you do not let us take into our employment the men who have hitherto upheld these wires upon these railways for the Electric Company, we cannot carry out our obligation, and your communications cannot be preserved." The Post Office, therefore, was simply in a deadlock; it had no choice whatever. The men went to the railways, because the railways had a statutory power of keeping the maintenance. The Post Office had to surrender the men, because, if it did not do so, it could not carry out its contract with the public; its wires would not be upheld. Hence the Post Office surrendered the force; the railways obtained it; and the men obtained pensions, because the Post Office could not give them engagements.

1314. In

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Mr. Graves.

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Mr. *John Holms*—continued.

1314. In fact, it is an unhappy dead weight on the department?—Yes.

1315. In your Report made in January last, I think you said that the general result was a saving of something like 11,000 *l.* a year?—Including the Metropolitan Office, 13,000 *l.* If you look at page 23 of the Report you will see that.

1316. You, in this Report, turned your attention chiefly to the reduction of the force?—Yes.

1317. Did you take into consideration at all how you might utilise that force by extending the business?—I can hardly conceive any practical extension of the business, within any moderate period, that would require the continuance of the services of this number of expensive officers that we believe to be redundant. The reduced force of officers that we suggest could, so far as engineering matters are concerned, control a larger area, and provide for a larger business.

1318. With regard to the tablet check, I think it was stated by you that there was a desire, no doubt, on the part of clerks, to show a great use of their wires by the number of telegrams sent, and also the great speed of those messages?—That is the natural desire of human nature, to show that it can do things very well.

1319. Is it not the case that it is of the greatest importance to obtain the greatest amount of work out of a wire in a given time that you can possibly obtain?—Undoubtedly.

1320. In fact, commercial success depends greatly upon the speed at which currents of electricity can be sent through a wire of given length, does it not?—It depends, at least greatly, upon the number of messages which you can transmit through your wire in an hour; upon the number of shillings you can earn in the hour, in fact.

1321. Speed is regulated by the rapidity with which currents can be transmitted over the wire without coalescing?—Yes.

1322. Have you turned your attention to the question how to obtain the greatest amount of force out of the existing wires?—Since the transfer, since the large increase of business has arisen continuously year by year, means have been adopted to obtain apparatus capable of transmitting messages with greater rapidity than you used to get; had it not been, in fact, for the increased speed, obtained from the mechanism employed, it would have been impossible now, on the busier lines, to have carried the traffic.

1323. What number of words do you now get per minute out of a wire?—It depends on the form of instrument. It is better to give the average number of messages per hour, and it depends also upon the length of the wire. Taking a wire 200 miles long, it is possible, by the use of the Wheatstone automatic instrument, with the Bain chemical recorder, to attain to a maximum speed of nearly 200 messages per hour.

Chairman.

1324. That is the maximum?—Yes.

1325. From 60 to 140 is about the average, is it not?—Yes; but it must be remembered, when I speak of the Bain instrument, we have only used it on one wire, and the whole system is experimental at present.

Mr. *John Holms.*

1326. That, of course, is the extreme amount that you could send by the best instrument that you now possess; but taking that generally in use, what is the average amount, the average number of words, if you can give it, per minute?—The instruments chiefly in use are instruments worked by hand; that is to say, where automatic power is not called in. The speed at which they can be operated depends upon the speed at which the clerk can move his hand up and down, and makes certain signs and signals. The Morse inker, or the sounder, which is the Morse arrangement as regards sending, but with an arrangement to read by ear instead of by impressions on paper, is the ordinary kind of instrument employed for most wires. The rate of speed cannot be taken as a fixed quantity; it depends always on the distance. If I am working a wire 50 miles in length, I shall always, with any instrument, reach an infinitely greater standard of speed than if I work a wire of 400 miles in length. Therefore there is a little vagueness in saying at what rate it can be done; but, on an average, we should consider that an instrument worked by hand in a single direction, whether ink printer or sounder, did fairly good work if it did 30 to 40 messages per hour; most instruments hardly dispose of so many. But by the process of duplexing the wire, working it in both directions at once, you simply double this number, or rather more; and extreme instances can be shown in which in the hands of very expert clerks very large numbers have been reached. Instruments of this form worked directly by the action of the clerk's hand upon the key, do not transmit the message so rapidly through the wire as the automatic apparatus; but they have one advantage, and that is this: the message is dispatched on the wire immediately it is brought to the instrument; there is no process of delay necessary between the receipt of the message and its forwarding. In the case of automatic apparatus, Wheatstone's and others that are capable of transmitting signals at very high speed, you have this drawback: before you can take your message to the instrument, to bring the powers of that instrument into play it has to pass through a preliminary operation, namely, to be handed over to a clerk who punches out certain holes in a riband, and who prepares a tape to be put into the machine. This takes up a certain time, and in working with automatic apparatus you will find generally there is a delay of 8 to 10 minutes between the receipt of the message at the counter from the public and the time when it can be handed over to the instrument to be dispatched.

Chairman.

1327. Is it not the fact that in the case of an automatic instrument you generally wait till six messages are collected together in order to supply the punched paper?—Yes; in other words, while if you have an accumulation of traffic, and your ordinary means of getting it off by hand are insufficient, the automatic apparatus is your salvation, yet, on the other hand, for absolute keeping down delay, if you have two or three wires worked by clerks singly you can get your messages off quicker.

Mr. *John Holms.*

1328. What proportion of duplex instruments have

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Mr. *John Holms*—continued.

have you at work in the kingdom?—I should say we have at least 100 circuits worked duplex, probably many more, half the circuits between the larger towns are worked duplex.

1329. That system is generally in use in America, is it not?—It is.

1330. And worked successfully there?— Yes.

1331. Then there is a system, as I understand, that is called the quadruplex system?—Yes.

1332. Have you used it in England?—It has been tried experimentally, but so far not successfully. In a climate like ours, which changes two or three times in the course of a day, there is an enormous practical difficulty in bringing into successful operation the very fast speed arrangements, which are disorganised by almost every change of weather. I do not say that the experiment has been tried out; but I do say that we must always depend for the practical conduct of our traffic upon means very much short of the highest theoretical standard.

1333. Is it the case that fewer hands are employed in America on their system; are you able to tell the Committee that of your own knowledge?—I could only speak from hearsay, and without knowledge which would be of any weight.

Mr. *Watney*.

1334. I think you are divisional engineer of the North Western district?—Yes.

1335. Where do you reside?—At Birmingham.

1336. Which is the centre of the district?—Very nearly so.

1337. You have five superintendents under you; where are they located?—One of those is my personal assistant; the other four have each charge of definite sections. One is at Manchester; the next at Chester, for North Wales mainly; the next at Birmingham, for the local responsibilities immediately around it; and the other at Oxford.

1338. Then I think there are 15 inspectors under these, by the Votes?—I forget at this moment, but no doubt you are right.

1339. And about 55 linemen?—Yes; I may say that in my own division there are comparatively very few appointments actually filled as linemen by men who are not established. I have a smaller proportion of extra men than most divisions.

1340. Have you any extra men besides the 55 linemen?—Certainly.

1341. Can you give us approximately the number?—It is a number always fluctuating. The 55 men on the Estimates include linemen generally; mechanics, that is to say, men who are engaged in shops in the towns of Manchester, Liverpool, and Birmingham in the repair of apparatus; and in addition to those I have something like 10 men who are doing duty as linemen; that is to say, who have a defined duty over sections of country where they are situated, who are paid in the item, "United Kingdom, Labour, 30,000*l*."

1342. What proportion of that 30,000*l*. is spent upon your division, approximately?—I am afraid I could not tell you offhand, and the figures themselves would be of little value, for this reason. When I tell you there are these 10 men in addition to the 55, I say there are these 10 men localised and recognised as having fixed maintenance duty; but I dare say, in addition, in my division there is always a force, varying from 40 to 50 men, employed in works not of maintenance, but in constructing new wires, private wires, or extensive renewals of timbers, special operations, in large gangs, and they fluctuate year by year.

Mr. *Watney*—continued.

1343. Can you give the Committee any idea how your own time is employed; how much in your office, and how much in travelling?—I am afraid the illustration drawn from my own experience recently would not be a very valuable one, for this reason; for between two and three years past I have been very largely occupied in all kinds of special duty, so much so in fact that very much of the ordinary duty of my post has had to be delegated. I have personally been for the last two years greatly engaged in the representation of the department in arbitrations with railways, and settlement of claims; so that the actual facts are altogether abnormal. Speaking however as to what it might be if things were in the ordinary condition, I believe, speaking generally, I ought to be about one-half of my time at home, and one-half of my time on the lines, and absent from home.

1344. What is the length of your district?—The mileage of road that I uphold, that is to say the mileage of poles independent of wires, is between 1,600 and 1,700 miles. The wires carried on those poles are between 11,000 and 12,000 miles. In addition, I am responsible for the supervision (or rather for seeing that the contractors carry out their bond) of over 9,000 miles of wire on certain railways.

1345. Have you any allowance for travelling expenses, or how is that arranged?—An allowance per diem when away from home.

Mr. *Allsopp*.

1346. How many railway stations have been closed as telegraph offices?—I could not give you any information on that point.

1347. You can tell me in your own district, cannot you?—No; because it is a matter of their employment for traffic purposes, and the communications would not be made through me. I have no direct personal knowledge. I can say this within my knowledge, that in one or two cases the department has been nearly compelled to close offices to a large extent, on account of difficulties, obstructive action, and unreasonable demands on the part of the railway companies; but I cannot answer for any special cases.

Mr. *Cubitt*.

1348. The damage caused by storms to wires and poles is a very material element, is it not, in the expense of maintaining the telegraphs?—It is.

1349. And is it one which you think will be lessened with the increased experience of the country?—I should be afraid to anticipate any great benefit from that source. The present year has been one wholly exceptional. We have suffered more in it than in any year since 1866, and there has never been, even in 1866, a case of so many continuous entire interruptions. I trust, then, that the present year is an exception, not the rule; but I cannot hope that the average damage will be materially lessened, because there is this fact to be borne in mind, we are, from the nature

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Mr. *Graves.*

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Mr. *Cubitt*—continued.

of things, continually tending to increase the weight of wire carried on the poles, rather than to decrease it. Of course the increased bulk, exposed to the pressure of the storms, hardly gives hope of lessened effect.

1350. You are not making discoveries, then, as to a more secure way of fixing or placing the wires?—We know that they would be infinitely more secure in many cases if placed underground, but the difficulty of placing them underground is one partly of finance and partly electrical.

Colonel *Alexander.*

1351. I believe that, in conjunction with Mr. Winter and Mr. Preece, you drew up a joint Report last March upon the reorganisation of the engineer's branch?—I did.

1352. And you say, on page 3 of your joint Report, that, "in order to obtain correct measure of the actual requirements to be provided," you "thought it necessary to visit the head quarters of every divisional engineer and superintendent in the United Kingdom"?—We did say so.

1353. Now is this the case as regards the eastern division?—Certainly not, because the very terms of our commission excluded the Royal Engineers, and therefore, of course, the Report has reference only to civilians.

1354. Then none of your remarks, as to the existing organisation and its defects, refer to the eastern division?—They do not.

1355. I think you said just now that you were unable to say how much of the 30,000 *l.* estimated for labour in 1875-76 was expended in your division?—I cannot. I had figures supplied to me by the accounts branch of the engineer in chief's office to show me the actual total outlay for salaries and wages, and the total in each division of the kingdom for the 12 months ending 31st December 1875; but I cannot subdivide the labour total that you find in the vote.

1356. You cannot say how much was spent in skilled and how much in unskilled labour of the sum allotted to them?—No, I cannot; no doubt the figures could be worked out.

1357. On page 8 of your Report you state that the eastern division could be maintained by one superintendent and five inspectors; but you state nothing as to the probable number of clerks, mechanics, and linemen. Can you give me any idea as to the probable number of clerks, mechanics, and linemen likely to be required in the eastern division under the proposed scheme?—No; I think it would be unwise to do so; as we have not inquired into the facts of the division, opinion would be empirical, and without foundation.

1358. You say, on that same page 8 of your Report, that you are "assured that a material reduction would be possible in the aggregate number of clerks, mechanics, and linemen now stationed in the eastern division." May I ask you how you obtained that assurance?—Certainly, from this fact: it will be observed on page 566 of the Estimates that provision is made in the eastern division for the employment of seven clerks. In the last financial year they were 10; but by economising they were reduced to seven; and as I conceive it possible (and should be perfectly prepared to be personally responsible for the success of the experiment) to provide for the eastern division with one additional superintendent who

Colonel *Alexander*—continued.

would have two clerks attached to him only, I am clear that a reduction in the clerical force is possible. I am not so clear as to the other heads, because it needs personal inquiry; but if I could save five clerks out of the total number of clerks and linemen together coming to 37, I think I should be justified in the expression of opinion that we have put forward.

1359. I see, by referring to the Estimates, that the total number of individuals employed in your division, the north-western, is 90, and in the eastern the total number of individuals employed is 47?—No doubt.

1360. Do you consider that the total number of 47 individuals employed in the eastern division is excessive in the same way as you, according to the terms of your Report, consider 90 excessive in your own division, the north-western division, and in the same proportion?—It would be unfair to the eastern division to profess to give a precise opinion without having made a detailed examination such as that which justified the opinion put forward in the case of the civilian districts. But I am perfectly prepared to say this, that if 47 persons be a necessary staff for the eastern division, then 90 persons are a smaller staff *pro ratâ* for the north-western division; and as I admit that the staff of my own division is too costly, so I certainly say that the staff of the eastern division is too costly, or too numerous.

1361. When you state in your Report that one superintendent, five inspectors, and, let us say 30 linemen and mechanics, only would be necessary for the eastern division, you mean, I suppose, on the revised scale laid down in your Report, involving a general reduction?—I do.

1362. Is it not the case that the eastern division contains a much greater mileage of wire than the average of your proposed superintendents' districts?—No; I have, perhaps fortunately, by accident anticipated your question, and I will give you the actual figures. I have put down a few figures here, absolutely correct in themselves. The deduction from them, of course I say nothing about. These are the figures for England, deducting the metropolitan district, which is a thing dealt with apart, and not supposed to be treated precisely as the rest; and dividing England into eight superintendents' districts, exclusively of that now occupied by the Royal Engineers, the figures would work out thus: Each superintendent would have under his direct control 780 miles of poles, 4,293 miles of wire, and 733 instruments. The eastern division contains 933 miles of poles, being an excess of 150 over the average; 3,750 miles of wire, being 500 below the average; and 595 instruments, being 140, or thereabouts, below the average.

1363. In what proportion then is the mileage of the eastern division less than that of the other divisions of the whole of your surperintendents' districts?—It is thus: 500 miles of wire, and 140 instruments, less than the average; 150 miles of poles more than the average.

1364. Exclusive of London, I think you propose to divide England into seven superintendents' districts?—Eight.

1365. If you divide them into eight, with the present eastern division it would make a total of nine?—Yes; but when we say in that Report that one superintendent and five inspectors would be

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Colonel *Alexander*—continued.

be all that would be necessary if the civilian force were to resume charge of the eastern division, it must not be supposed that we should place, or that we should think of placing, a superintendent at some central point, and let him take exactly all that the Royal Engineers now take; we had in view this fact, that out of the eight superintendents to whom we propose to allot spheres of duty, there was a difficulty in finding, from geographical and other reasons which I need not go into, a sufficient ground for the provincial man, who would have his head quarters in London, and by combining, this man insufficiently provided for, with the officer who would go into the eastern counties proper, we assumed that we could justify our calculations.

1366. From the Estimates of 1876-77, and the numbers given in your Report as actually employed, I have made a calculation that this area of eight or nine districts as you say, exclusive of the eastern division, and of Ireland, Scotland, and the metropolis, has now a maintenance staff of 301 individuals of all ranks?—I have no doubt that your calculation is correct.

1367. And costing 31,154 *l.*; that calculation is approximately correct, I suppose?—I dare say it is.

1368. And in the eastern division I have calculated that there is a total of 47 individuals, costing 3,204 *l.*; that is so, is it not?—I have no doubt that is correct also.

1369. Making a grand total of 348 individuals, costing 34,358 *l.*?—I have no doubt it is so; but I have not prepared the figures.

1370. In your joint Report you allow for a total of 288 individuals, costing approximately 26,760 *l.*?—Yes, I dare say.

1371. You may take from me that that is what you state in the Report; and if you add 1,600 *l.*, the salary of the two divisional engineers, you get a total cost of 28,360 *l.* That will be the proposed cost. What you, therefore, will do will be this, will it not; you propose to reduce the number of individuals at present employed to 58, and to effect a total saving of about 6,000 *l.*?—I cannot dispute the figures, because I have not examined them; but I can hardly see how the conclusion can differ so greatly. Page 12 of the Report shows the saving which we calculate to effect in the provinces, such saving being obtained almost entirely from divisional engineers, superintendents, and clerks, a small sum accruing from inspectors. Then we show that to effect this total saving of 11,935 *l.* per annum, we must make provision for increased expenditure at the central office; it is impossible to put that precisely; but we make an allowance which we believe to be more than ample, 2,300 *l.*, that leaves a net saving of 9,635 *l.*

1372. That would be your total saving?—In the provinces, exclusive of London. Then on page 23 you get at the final saving, a saving which I believe to be a minimum, and which I hope we shall increase, 13,100 *l.*

1373. Have you formed any estimate of the value of the pensions of these persons, supposing them to be removed to the non-effective list?—I have not; first, because, of course, it was not for us to say whether a man should be pensioned or removed otherwise; and, secondly, because if there was no alternative but pensioning, it was

Colonel *Alexander*—continued.

even then cheaper than the alternative of keeping him unprofitably.

1374. If 36 men allowed in a division cost, at the civil rate, 3,345*l.*, the same men, if paid at the rate given to the Royal Engineers, would cost about 2,000 *l.*, would they not?—I dare say that is so.

1375. And on eight districts this would amount to an item of saving of 11,000 *l.*, supposing that the engineers were employed in the eight districts?—And supposing also that the Royal Engineers per head did as much work as the civilians per head.

1376. This would be in addition to your proposed saving, would it not?—If I were to say say "yes," I should lead to a conclusion certainly different from that which I wish to enforce. Permit me, as a matter of finance, to give you some other figures of comparison. I have got (the proper officer, if need be, will vouch for them) a statement showing the actual expenditure for salaries and wages, including extra labour in each division of the United Kingdom for 12 months, to the 31st of December 1875. I will contrast the figures of my own division and the eastern. Of course, in the eastern division the Post Office pays only a portion of the total cost of the force, and therefore, as a matter of common sense, it ought to appear that the eastern division is maintained materially more cheaply than mine, not forgetting that (as I have said already) I consider my own expensive beyond justification. Taking the figures as they stand, these are the actual results: north-western division, total payment, 10,478 *l.*; eastern division, total payment, 3,515 *l.* The total amount of wire maintained in the eastern division by the staff of the department is 3,770 miles, which, divided by a total cost of 3,515 *l.*, yields an average, using wire alone as the divisor of 18 *s.* 7 *d.* per mile of wire. In the north-western division the total milcage of wire upheld by the department is 11,548 miles; the cost is 10,478 *l.*; and therefore the average expense is 18 *s.* 2 *d.* per mile of wire, being 5 *d.* less than the cost of the eastern division, although we pay only a portion of the total cost of the force employed in the latter. Then take it by the number of instruments fixed in the offices. In the eastern division there are 595 instruments actually maintained by the staff of the department. Applying this number to the 3,515 *l.* of cost, the average is 5 *l.* 18 *s.* 1 *d.* per instrument. Of course, I need not say that the instruments do not actually cost this, because, of course, I am taking instruments and wire successively as divisors. In the north-western division the number of instruments is 1,737, and the cost, as I said before, is 10,478 *l.*, which is equal to 6 *l.* –*s.* 1 *d.* per instrument. Thus, taken by wire, the general result is that the north-western division is a trifle cheaper than the eastern division. Taken by instruments, the north-western division is a trifle dearer than the eastern. Speaking generally, therefore, the cost throughout may be taken as equivalent, and it is only explicable, in my judgment, by the assumption that in some way or other the north-western division contrives to get a greater value of work per head out of its men, because on any other assumption the eastern division should show much better results, from

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Mr. Graves.

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Colonel *Alexander*—continued.

the admitted reason that we pay only a part of the cost.

1377. May I ask you whether, when you gave a different amount of saving from the amount which I gave of 6,000 *l.*, you included anything else beyond the nine divisions to which I referred; whether you included Ireland, Scotland, and the metropolis?—Certainly, the kingdom generally. I am in this position. I have given to the Committee certain figures, which, if they go on to the proof, or come out exactly as they are put, may be charged with having been prepared accurately as a matter of twice one are two, but incorrectly for inference. There are one or two notes needed to put all the relative facts properly, that I should like to place on record in some shape.

Chairman.

1378. Will you finish what you have to say on that subject?—There are one or two points to be compared, some in favour of the eastern division, some against it. The eastern division averages four wires per mile of poles; the north-western averages seven wires per mile of poles. In the eastern division the proportion of wire to instruments is 6¼ miles of wire to each instrument; in the north-western it is 6$\frac{1}{13}$th miles of wire to each instrument. In the eastern division, besides maintaining the wires and apparatus stated, the force therein employed supervises the maintenance by the railway companies of 6,120 miles of wire, and 109 instruments; in the north-western division the force employed supervises the maintenance by the railway companies of 9,084 miles of wire, and 36 instruments. The staff of the north-western maintains three systems of pneumatic tubes, and three extensive overhouse systems, both aërial cables and open wires; the eastern division has none of these sources of cost, but has a larger proportionate mileage of poles to maintain. No Wheatstone, or elaborate apparatus, exists in the eastern district.

Colonel *Alexander.*

1379. I understood you to say that there was a difference between the Royal Engineers' work and the work done by civilians. Do I understand you to say that the eastern division is not so well maintained as the other divisions?—Certainly not; and I should be very sorry to say that a Royal Engineer was not *per se* as efficient as a civilian. I simply give you the figures.

1380. So that the eastern division is as well maintained as the others?—I have no doubt it is.

1381. If the employment of the Royal Engineers, as recommended by the departmental Committee of the Treasury, were carried out, there is no doubt that eventually you would save the pension now chargeable to the Post Office revenue?—No doubt if the Post Office does not employ servants of its own, it cannot be responsible for pensioning them.

1382. I understood you to say, in answer to the Right honourable Gentleman in the chair, that a certain amount of mechanical knowledge is essential for a lineman?—Certainly.

1383. And I presume your desire is to repair your wires, and at the same time to continue to work them while you are repairing them?—Certainly, in many cases that is possible.

Colonel *Alexander*—continued.

1384. That being the case, let me ask you, as an experienced telegraphist, whether you would like to entrust the repair of a set of wires to unskilled labour?—Not if I could help it.

1385. A very slight mistake on the part of an unskilled labourer might cause interruption in the communication?—Yes.

1386. Most of the telegraphs erected and repaired by the Post Office are road telegraphs, are they not?—They are in Great Britain, certainly.

1387. And when they get out of order they are more difficult to repair than railway telegraphs, are they not?—Not more difficult to repair. They are repaired with equal facility; the only thing is that sometimes you are a little longer in reaching the spot.

1388. But in point of fact skilled labour is necessary for repairing wires broken by a snowstorm?—Skilled labour is necessary to direct repairs; unskilled labour may be used for many of the operations.

1389. In attaching wires it is essential, in order to maintain communication during the time that the repair is going on, that the setting up of poles should be performed by skilled labour, is it not?—Yes, or at least directed by skilled labour.

1390. You would not like, would you, to take any labour that might be found on the spot for repairing wires?—I can hardly say that; because you see, as a matter of fact, it is chiefly by labour collected on the spot that we do repair wires in emergencies in the greater part of the country.

1391. So that you do not agree with what Mr. Winter said the other day, that telegraph wires broken down by a snowstorm might be set up by unskilled labour?—I think the difference is simply of this sort: if I had a large reserve of skilled men to my hand I should prefer to employ it; but if I had not, I should not say that I could not carry out the work.

Mr. *Meldon.*

1392. Might I ask you, has it ever been considered by the Post Office or Telegraph authorities whether they should adopt the employment of local contractors to erect these poles and make repairs, or not?—The Post Office has considered that from time to time, and has employed contractors, particularly in laying down underground work, laying pipes, and so on, in a way capable of ready supervision.

1393. Would you give me your opinion on the following system: to have a small staff of trained employés to make arrangements throughout the country for the telegraph wires and posts to be kept in repair by local contractors, the contractors to take charge of 10 or 12 miles, and to enter into security that it shall be kept in proper repair: what would be your opinion of that system; in the first place, would it not be a great deal cheaper than the present one?—I doubt the economy; and I am perfectly certain it would result in almost a paralysis of telegraphic communication. I doubt the economy, because to enforce the proper performance of their contract by unskilled contractors (because if you are to have so many local men, the great bulk of necessity can have no skill), the experiment would of itself require supervision nearly as costly as the telegraph work of maintenance.

Then,

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Mr. *Meldon*—continued.

Then, besides, if the Post Office carries out its own operations at a minimum of cost and diminishes its supervision to the smallest necessary force, I can hardly see what scope there is for a contractor to make a profit, unless by scamping the work: and then the localisation involves distribution of the work into a great number of hands. The trunk lines running from London to Glasgow, and Dublin to Cork and so on, are worked continuously as parts of one whole, and you would have your most important lines over your longest stretches of country practically paralysed, if in one local section the work was neglected.

1394. In your own district you have from 80 to 100 skilled or scientific persons constantly employed; those persons have claims on Government for constant employment, and claims on them for pensions; that is necessarily an expensive staff: do you not consider that with one-tenth part of that staff, and by the employment of contractors who would have no claim to pensions, the system could be worked quite as efficiently, and at much less expense?—I do not. One-tenth part of that staff would imply one supervising officer to over 200 miles of road to look after a large number of different contractors, each with one common object, that of doing the least possible for their money. We have already a very large part of our lines in the hands of contractors, contractors of a most responsible character, and who have themselves telegraphs to uphold, which it is necessary that they should keep in good order for their own interests, I mean the railway companies; and yet in practice I am bound to say, if we had the choice, we would most willingly take the entire maintenance out of the hands of those railway companies, and into our own, to-morrow.

1395. Would it not be much more expensive?—Certainly not.

1396. You were asked as to the employment of clerks as manipulators. Would it not be very much more economical to have skilled clerks with technical knowledge employed than the mere manipulators that we have heard something of to-day?—It depends very much on the circumstances of each office. In a large office it appears to be undoubtedly better to have a small force of highly skilled persons than a large force of imperfectly skilled ones; but even that answer is subject to qualification, because in a large office you will have a great number of instruments, each communicating with lines on which the individual traffic is inconsiderable, and yet each of which needs watching. For such circuits or lines you can hardly afford to pay very highly skilled men; and in the same way with the smaller offices, there are many offices in which it is scarcely possible to anticipate more than half a dozen messages a day; you cannot afford to put down a good man there, and if you did he would rust.

1397. Would it not be better, and is it not more necessary to have a skilled man in a rather out-of-the-way place, but at which there is a considerable amount of business, a skilled clerk who could repair his instrument, and with a certain amount of technical knowledge, than to have him in a large office where there would be a certain number of skilled men?—You mean that in an office of the smaller grade where a man is alone without help it is especially desirable that he should possess knowledge. Most undoubtedly; and it is in offices of that class that I think most benefit can arise from developing knowledge in the clerks.

Mr. *Meldon*—continued.

1398. In the head offices would you approve of having a few thoroughly skilled men and a large number of these manipulators under them constantly learning, and of filling up all the vacancies in the other offices with thoroughly skilled men, according as they became skilled at the head office?—No; and I think I can give you a definite reason why that would not work. The large offices are the great centres of business. I believe I am right if I say that in about a dozen offices in the kingdom more than one-half, probably two-thirds, of the entire telegraph business is transacted. Thus, you have at these large offices a considerable number of wires all very full, many of them worked by delicate and elaborate mechanism, and so arranged that unless the clerk is possessed of a considerable amount of technical skill as well as manipulative ability, he cannot keep his machine going; it would be like presenting him with a watch and no key to wind it up. At some of our largest offices we have not near skilled men enough; and that is why the technical special education that has been spoken of is needed there even more than at the small places. At the small places technical education would save a little money now and then. At the large places to entrust the bulk of the apparatus to mere manipulators without instruction would be to discredit the system.

1399. Is that because in the large stations the instruments are more delicate?—Certainly.

1400. You were asked something about the tablet check; is not that system a thoroughly erroneous one?—No, I cannot conceive that it is thoroughly erroneous. I am bound to say that as it has been worked it has been of the greatest possible value. I do not attach much personal value, indeed I attach very little value, to the graduations into five minutes and 10 minutes and 15 minutes; but as to the importance of receiving a statement at regular intervals showing me the work done on each wire, and giving me an estimate of the delay in the wire, that is something I should be very sorry to part with, it is our barometer.

1401. Is it not the fact that the clerks all know the time when the check is being taken; it is taken, as I understand you, every eight days on the present system?—Yes.

1402. Are not the clerks aware of the day when the check is being taken?—Yes, no doubt, because the eight days follow in unvarying succession.

1403. Would not a clerk be likely to use great expedition on that day?—There is no doubt that tendency; but the harm that you get out of it only comes to this, that once every eight days they may work a little harder than usual. And after all they cannot deal with more messages than the public give them. Therefore the important part of the return is absolutely unaffected.

1404. As a matter of fact you make up your average upon these check days?—Do you speak of the average rates of delay or the average numbers of messages? The average rates of delay may be slightly qualified by the consideration

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Mr. *Graves.*

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Mr. *Meldon*—continued.

sideration that the work is specially well done on those days.

1405. The object of these checks is to find out the amount of work done by the clerks, is not that so?—Indirectly. It is mainly to show the amount of work passing over each wire or circuit.

1406. On the check days you admit that the clerks will work harder than they do on the other days?—I say it is possible they may.

1407. Assuming that they do, and knowing that the averages are made up upon these checks, will not that give at the end of the year a totally erroneous account of the work that is done?—No; for this reason, you might possibly form a somewhat incorrect idea of the delay; you might suppose that your average delay was, taking these prize days as illustrations, a little less than it really proved to be; I do not think there is much in that, because it must not be forgotten that the tablet checks do not supersede direct personal supervision, they merely supplement it; the supervision in the office is just the same on all days; but what I conceive to be the great essential of the tablet is, that it does not admit of cooking, or of falsification; you cannot show more messages over a wire than the public handed you in to send; and by taking it once in eight days, if I commence on the Monday, eight days following will give me Tuesday, and eight days following that will give me Wednesday, and so, by a succession I get, after a few weeks, the real average of the traffic on each day of the week.

1408. Notwithstanding that on the check days more work is done?—They cannot do more work than is sent them.

1409. Is it not the fact that fictitious messages are sent on those days that are not paid for?—I am bound to say that I never heard of such a thing; I can hardly believe it possible.

Chairman.

1410. Would not that be at once detected by the amount of receipts from the office?—Precisely so; there would be a message not accounted for; that the accountant's office would require payment for.

Mr. *Meldon.*

1411. Are the check days checked by receipts taken on those days?—They are not, for the two things are wholly distinct. One is for the guidance of the traffic officers, and the other is for the checking of accounts.

1412. Might I ask you as to the mere question of speed, is it not very essential that the greatest possible amount of speed should be used. For instance, although this office may have very little business to-day, another office may be weighted with a great deal of business till the first office has completed its business?—No doubt speed is one of the first elements of success; and wherever you can give it you ought to do so.

1413. Are these tablet checks, in your own opinion, actually fallacious, as showing the amount of work done, and for the following amongst other reasons; first, that the clerks use greater exertions on the check days; secondly, that some clerks may falsify these checks by making wrong statements; and thirdly, that messages possibly may be sent that are not business messages at all. I ask whether these check tests are not at the very root of the large cost in comparison with the amount of business done?—I do not believe that any one of the evils attributed in the question to the tablet check can possibly be justly so attributed, except to this very small degree, that clerks may occasionally try to show messages dispatched very rapidly, we will say under five minutes, whereas, in fact, they were six. Beyond that there is no scope for fraud, delusion, or cheatery, of any kind whatever. The only messages that can be shown as dealt with are the messages given in by the public, and it is impossible to increase the traffic from the public by any way short of asking the public to send on that day for the sake of the clerk, three times as many messages as usual, or by the clerk himself paying for them.

Mr. *Meldon*—continued.

1414. Cannot one clerk send a message to another clerk?—Yes. I see now the drift of your question. The messages that one clerk can send to another are informal messages, so to speak, from Birmingham to London, for instance, "What is the weather with you?" and so on; these are not counted in the tablet check, only those that are brought into the record as paid for.

1415. You did not answer one important part of my question, and that is, are these tablet checks fallacious in your opinion, or are they accurate? I have one of these forms before me, and although the number of messages forwarded and received may be accurate, still they are open to mistake in the delay that takes place in the forwarding or receipt of those messages; is not that so?—That is possible; I have said that it is. But if you will allow me I will add that the clerk who dealt with the messages and filled up the form you have before you, himself subject to supervision, is responsible for putting down the delay; but for everything else, for noting the number of messages passed over the circuit in the day, other clerks are responsible, and not the individual who fills up that form.

1416. But this form is open to be in error in two ways; first by making erroneous entries, and secondly by the clerks using a great deal more expedition and working harder upon those days than they do upon the seven other days?—Yes; confining the range of possible error to the question of the time that the messages have occupied, nothing else.

1417. That is one of the most important things to see the greatest possible amount of speed used in the use of the wire; is not that so?—It is no doubt a very important consideration.

1418. Quite apart from the particular work and duties they have?—It is important.

Lord *Robert Montagu.*

1419. I think, in answer to the Chairman, you spoke of diminishing the engineering and supervising staff, did you not?—I did

1420. The object of doing so would be to create economy, I suppose?—Certainly.

1421. Can you give me the number of supervising officers, and the number employed in maintenance of the line in Great Britain?—You mean to contrast the number of the supervising with the working force?

1422. Precisely?—The figures can be ready for the Committee by the next meeting. I am afraid I could only give you an imperfect answer now.

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Lord *Robert Montagu*—continued.

now. I know the facts of my own division, of course; but in Ireland, for example, we have on the Estimates only 37 linemen or operative men provided for; but I know, as a matter of fact, that there are at least another 30 men in Ireland doing maintenance duty paid out of "labour."

1423. Can you say what it is for Great Britain; should I be right in saying that there are 141 supervising officers to 320 men employed in maintenance?—I take it that those are figures taken from the Estimates. As far as they go they are no doubt correct; but you have to add to that this fact. Besides the 320 employed on maintenance, I have no hesitation in saying that there are at least another 100, probably more, employed on maintenance proper; and in addition to that there are, in the aggregate force of men employed in renewals, in erecting private wires, in works of construction and extension, and miscellaneous things that are beyond maintenance, several hundred men supervised by the same force.

1424. What I want to arrive at is this: Are there not too many supervising officers employed comparatively to the number of men?—Undoubtedly; and that is the basis of the recommendation which has been referred to.

1425. A great many too many?—I think some measure of the opinion formed of that may be gathered from the Report submitted to the Secretary. On page 10 of that Report it will be seen that in Great Britain and Ireland we have, wholly irrespective of the Royal Engineers, who are not touched in any way, six divisional engineers and 28 superintendents. I ought to add irrespective of the metropolis also; that is to say, 34 supervising officers of the higher grade. The recommendation put forward proposes the retention of 12 superintendents and one divisional engineer; that is 13 as against 34.

1426. You spoke of the "higher grades." Are there two or three grades?—The highest supervising officer on the provincial establishment is the divisional engineer. Under him are the superintendents, amongst whom the division is divided in sections. Strictly speaking, these are all that can be called supervising officers proper. Inspectors are so treated in many papers and documents, but certainly not correctly so treated.

1427. Now I want to know, if you please, the number of persons that were employed by all the telegraphic companies while they were in existence, in comparison with the number of miles of wire, and the number of persons now employed in comparison with the number of miles of wire?—Some indication of the number will be found in the Memorandum prefixed to the Report I have alluded to, the Memorandum of the Secretary of the 11th of January 1876, to which I may refer you.

1428. I suppose I may assume that there are a greater number of persons employed, now that the Government have the telegraphs, in comparison with the miles of wire, than there were employed before?—Yes, and necessarily so.

1429. Is not that due in part to the anxiety that there was to provide for everybody that was employed by the companies?—The difficulty was rather in the other direction. So many of the persons employed by the companies were perforce surrendered to the railway companies, that the department, at the commencement of its

Lord *Robert Montagu*—continued.

operations, so far from having a surplus staff to employ, had not a sufficient force, and was obliged, therefore, to make what have been termed irregular appointments, in order to carry out its operations.

1430. But why should there be more persons employed now for fewer miles of wire?—For this reason; the lines which the department uphold are all on road, many of them long, scattered lines, carrying one and two wires only, much overhouse; the lines of the companies, particularly of the Electric, the largest, were mainly on railways; they had few of those scattered branches; their works were concentrated, and the conditions, in short, were easier, simpler, and cheaper.

1431. Do you mean that various companies had their wires over the same railway, so that the number of wires were multiplied on the railway?—Not precisely that. In some cases it was so; but taking the aggregate length of wires that existed prior to the transfer, much the greater part of it was on railways; and of that that existed on roads, very much the greater part was in a comparatively small number of trunk lines, carrying many wires; scarcely anything existed analogous to the large network of branch lines running into all sorts of localities, and carrying one or two wires that the department is now responsible for.

1432. There are private wires, are there not?—There are.

1433. Who erects the private wires, and who maintains them?—The Government has not the monopoly of the right of erecting private wires; I wish we had; but there is a considerable business done in the way of erecting private wires. We are practically contractors for the private individual who requires such wires. We do not charge a sum; we charge a rental; a contract is made for a certain number of years at a certain rental, and then we erect, uphold, and maintain the wire and instruments.

1434. But the rental is intended to cover the expense the Post Office is put to in erecting and maintaining them, I suppose?—Certainly; it is calculated to do that, and to yield a profit.

1435. This which I hold in my hand is one of the tablet checks that have been referred to?—Yes.

1436. There is a column for messages received and another for messages forwarded?—Yes.

1437. You said that these figures were not checked by the receipts?—They are not checked by the receipts.

1438. Why should they not be?—The objection is the multiplication of labour and cost, and the fact that if you allow for some margin of inaccuracy the returns are still sufficiently accurate for all practical purposes.

1439. There would be no objection to checking them by the receipts on that particular day, would there?—You would have the advantage of securing extreme accuracy, but the advantage would be bought too dear.

1440. Is there much increased cost due to the special staff sent out to agricultural meetings and borough meetings, and so forth?—That depends entirely upon the circumstances of each case.

1441. I mean annually; is the annual expense of that staff very great?—You will find it on the Votes. On page 560 of the Estimates you will

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Mr. Graves. 5 May 1876.

Lord *Robert Montagu*—continued.

will find the special arrangements, staff, and the cost.

1442. Will you give me the figures?—The total cost is close on 9,000 *l.*

1443. Is that covered by the Press; do the Press pay for the reports?—To a large extent. You can hardly say that the cost is incurred on behalf of the Press. For example, the races are now going on at Newmarket; a large and profitable business is done from Newmarket race-course and from the town of Newmarket; that business is chiefly carried on by the special staff. They are not to be regarded, in reference to their present capacity of action, as used for Press purposes only; they are an available force to send wherever the requirements of the locality are beyond the ordinary capacity of the local force.

1444. But is the expense covered at all by the payment?—It would be hardly right for me to answer questions of that kind, because I have not sufficient personal knowledge on the subject.

1445. Can you speak as regards the purchase of stores?—I have nothing to do with the purchase of stores.

Mr. *Ripley*.

1446. I think you stated that you had the supervision of the lines which pass over the railways, although these wires are not under the Post Office authorities, for the purposes of repairs?—Certainly.

1447. May I ask you what is the course of procedure in the event of the failure of these wires in their action in the service of the Post Office?—Do you mean an occasional failure?

1448. Yes. To whom is the complaint first made?—I will tell you precisely what happens in my own case. A very large mileage of wire is maintained by the London and North Western Railway Company for the Post Office; this company has responsible telegraph officers stationed at various points. Suppose Manchester finds that one of the wires to London passing over the London and North Western Railway fails in communication, he at once advises the railway company's superintendent at Manchester, and at the same time advises the department's officer at Manchester of the fact that he has done so. Hence the contractor is warned with the least possible delay, and the supervisor is acquainted with the fact that the contractor has been warned.

1449. In point of fact the first intimation is given to the railway company of anything being wrong, and then to the Post Office that such intimation has been made?—Yes.

1450. Then, practically, do you find very much inconvenience from that double communication; that the railway companies do not always do it as quickly as the Post Office themselves would do it if the affair were in their own hands?—Experience on that point varies in different parts of the country; but it is only just to the railway companies that operate in the territory that I am connected with, to say that as regards certainly the greater part of them, the work is as well done, and as promptly and as efficiently done, as it could be by the department's one staff.

1451. I think you stated that some telegraph offices had been closed in consequence of the obstructive action of the railway companies; what

Mr. *Ripley*—continued.

is that obstructive action?—That is a subject wholly apart from the other. It has arisen rather in this way, in consequence of the arbitrations that have taken place between the Post Office and various railways for the settlement of the claims of the latter under the monopoly Act. The railway companies received awards in compensation for the rights they have lost, and in addition they carry on transactions at their stations for the Post Office. The commission upon such transactions is by the usage of many years, and by the usage prevailing before the transfer, taken at a certain moderate sum, say, 25 per cent. of the receipts. But by the peculiarity of their arrangements, by their, in some cases, taking steps to draw to the railway stations traffic that did not belong to them legitimately, but should have gone to the Post Office, and by then claiming a double commission, that is to say, half the total receipts; the business has so worked out that in some cases messages taken from the railway station to be passed for a short distance over railway wires, and then for a long distance over postal wires, have become positively a source of loss to the department.

1452. You mean in such cases as they transmit the messages by their own clerks, and over their own wires, and by their own instruments?—They hardly ever do that fully. A railway company rarely takes the full service without the aid of the Post Office.

1453. Do you think that these difficulties to which you have referred will, as these awards are completed, pass away, or that they will remain a continual source of annoyance?—It is difficult to say safely what the action of other people is likely to be; but I cannot but think that probably the difficulties will tone down.

1454. I think we have had it given in evidence already that the payment to the railway companies per mile, per wire, per annum, was 20 *s.* for maintenance?—Yes, that is the usual rate.

1455. You stated to-day that the average cost on the part of the Post Office authorities for the repairs (that means, I presume, maintaining and renewal of wires also) on their own lines, is an average of something over 18 *s.*?—It is hardly that; that is unfortunately the disadvantage of presenting figures in such a manner. My object was not to state the absolute cost, but to institute a comparison by the application of figures fair on both sides. I therefore took the entire cost and divided it by the miles of wire, the entire cost; expenditure for labour and so on over the whole district; but then you see that as a matter of fact that entire cost is occupied in upholding the instruments in the offices, the batteries, and so on, as well as the miles of wires. And then I took it by instruments.

1456. If you take away the cost of maintaining the instruments, a very material reduction would have to be made from the cost of that 18 *s.*, as I understand you?—There would.

1457. That includes, of course, the maintenance of the post?—It does; it is taking the thing as an average, to include posts.

1458. Is it any part of your duty to take any part of the supervision of the instruments in the offices in the large towns. I am aware that the clerks themselves are not under your control; but under whose control are these instruments in Birmingham, Manchester, and so on?—The divisional

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Mr. *Ripley*—continued.

sional engineer is entirely responsible for the working condition of the instruments, and the batteries. I take the instruments as regards their mechanical and electrical condition, just as I do the wires and lines.

1459. Reports are made to you of defects in them occasionally?—Yes.

1460. Are they repaired in the towns themselves?—In Manchester, Liverpool, and Birmingham, we have local appliances (workshops), and they repair in those towns; and to those towns the smaller offices outside send in apparatus needing repair. In other cases towns near London will send to the London shop.

1461. My point was to ascertain whether the instruments in these large offices in the great towns were practically under your supervision?—Fully so.

1462. From time to time do you get a report from these places of the state of the instruments, or of the changes or alterations in them?—No change or alteration can be carried out in any of those instruments without my knowledge and authority.

1463. In addition to those, I presume any complaints with reference to the working of private wires come to you?—All complaints with regard to private wires in my division come ultimately to me.

1464. The local superintendent has the power to remedy certain things, I suppose?—Yes, for taking the immediate steps.

1465. The pneumatic tubes come under your operation?—Yes.

1466. May I ask your opinion as to whether you consider them useful in certain ranges; in point of fact, whether they are more economical and quicker in their operation than the telegraph?—In point of fact, I am certain that in Liverpool and in Manchester the pneumatic tubes in operation are economical and rapid. In Birmingham we are near the line of doubt, as to economy, but I think on the whole they are cheaper.

1467. Then on the whole you think the system might be extended?—It depends entirely on the local conditions. I am certain that it is right in Manchester and Liverpool, because I am certain that there the capital cost is repaid.

1468. What is the extreme length of any tubing that is practically useful?—The further you go beyond a mile the slower the communication becomes, and the more doubtful the advantage. Over two miles I should be afraid of it altogether.

Chairman.

1469. Is it not the case that even on the floor of the metropolitan office the messages are sent from one side to the other by a system of pneumatic tubes?—It is so.

Mr. *Ripley.*

1470. In the report which you have submitted to the Post Office, you practically recommend the abolition of your own office. May I ask you whether you consider that there are at present superintendents over the country of sufficient intelligence to be put in the position, as practically they would be, of the divisional engineers as to many matters in the telegraph system?—Yes, to the extent that they would be necessary on the reduced force. There are many superintendents undoubtedly not so fitted, but there are enough for the reduced force.

Mr. *Ripley*—continued.

1471. You would give, I suppose, to these superintendents power to act with regard to repairs somewhat in a similar way to that in which you act?—Yes, with this difference: it would be restricted, because the London inspection which, as I have before said, is at present practically *nil*, would become real, and therefore the central control would be greater.

1472. In London you would add, in point of fact, one to the engineer's office, or some department which would enable one or two of those officers to visit from time to time and inspect over the country?—That is so.

Dr. *Cameron.*

1473. The honourable Member for Hackney examined you regarding the instruments employed by the Telegraph Department; would you please mention the principal instruments which were in use at the time of the transfer?—Different companies used different instruments. The Electric Company depended chiefly upon the Morse, an embossing Morse, which made its marks by impressing the paper with the point of a style, not by inking.

1474. Were they not principally these: the Morse instrument, the Bell instrument, the A B C, and the Hughes instrument?—And the needle instrument.

1475. And I believe the Post Office has discarded the Hughes almost entirely, as not being economical?—Certainly.

1476. The needle instrument is now only used where there is little work to be done?—It is very largely used in the aggregate, but for minor circuits.

1477. To a large extent by railways?—Railways depend upon it almost exclusively.

1478. The Bell instrument has been discarded also, has it not?—In a great measure, not wholly.

1479. The instruments that you have at present in use, and which were at the time of the transfer in use, are practically the Morse and the A B C instrument?—And the single needle.

1480. You have stated that the carrying power of the Morse is about from 30 to 40 messages per hour?—Yes, assuming skilled clerks.

1481. As to the needle instrument, what is the power of that?—A single needle in very good hands will dispatch 30 messages an hour; but in the hands in which it is generally placed, 15 to 20 would be a fair maximum.

1482. And an A B C would carry how many?—It is rather difficult to give an average time for the A B C, because it is almost exclusively used at offices that have very little work.

1483. I suppose that it could do about the same?—It could do about the same or rather less. I have known an A B C do 30 in an hour, but that is very exceptional.

1484. Now, since the transfer, is it not a fact that the carrying capacity of the wires has been enormously increased by the improvements which have taken place in the instruments?—Unquestionably.

1485. At the time of the transfer, a very great improvement had just been completed in the

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Mr. *Graves.*

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Dr. *Cameron*—continued.

Wheatstone automatic instrument, had it not?—It had.

1486. That instrument had never been used, except experimentally, by the companies?—It had been used, but only to a very small extent.

1487. And Mr. Scudamore laid great stress upon the saving which it would effect when it came to be adopted by the Post Office?—No doubt.

1488. A Wheatstone automatic, working under favourable conditions of, say, ordinary fine weather, would carry per hour what?—It is a question of the distance.

1489. Say on a 250 miles circuit?—Under ordinary conditions a Wheatstone automatic (not Bain), if you take it from 100 to 120 messages per hour, would be doing very good work.

1490. Now, there is an essential difference between two classes of instruments employed by the Post Office; those which are automatic and those which are not. You have explained that the Morse, the needle, and the A B C, are worked directly by the operator?—Yes.

1491. And that, in the case of the automatic instruments, an intervening operation takes place in the shape of punching a slip of paper?—Yes.

1492. That punched slip of paper is passed under needles, which create and break the electric current?—That is so.

1493. This automatic principle is applicable to several instruments; it is applied to the Morse instrument in the case of the Wheatstone, and you may apply it also to the Bain?—Yes, the Bain may be treated as the chemical supplement of the receiving portion of the Wheatstone automatic.

1494. There is an essential difference between the Bain and the Morse methods; that in the Morse method a certain amount of mechanical force requires to be exerted by the current, whereas in the Bain the printing is done by the decomposition of a chemical solution with which the riband is saturated, by the electrical current without any intervention of mechanical force?—Yes.

1495. Therefore the Bain system can work faster, and under more unfavourable conditions of the atmosphere, than the Morse?—Than the Morse, worked as a Wheatstone.

1496. We will not now speak of the Wheatstone, or automatic part of the invention, but we will speak solely with reference to the difference between the mechanical and the chemical systems?—There is no doubt that the greater sensitiveness of the riband to chemical marking will enable you to obtain visible signals when you could not do so if mechanical force had also to be exerted.

1497. Therefore the introduction of this Bain method will enable you to get more work out of wires on long circuits than you could get out of the Morse system?—I believe it will prove so; but we have worked only one circuit experimentally with the Bain, and it would be rather premature to found general conclusions absolutely on such experience.

1498. That one circuit is Glasgow?—Yes.

1499. The result of that trial is that whereas by means of a Wheatstone instrument you can send from 80 to 100 messages per hour from Glasgow to London, you can, by means of the Bain, send 100 to 120 messages per hour, in both cases the wire being kept pressed; is that so?—I think the controller over the central station would better reply to that. I do not speak of my own knowledge; and I must confess that the difference in the figures you give me slightly startles me.

1500. What I wish to lay before the Committee is this fact; that, other things being equal, you would expect the chemical system to enable you to work faster with the wires than the mechanical system, would you not?—Yes, but the advantage will be most apparent on the longest length of wire.

1501. And that is a most material advantage, is it not?—No doubt.

1502. In addition to the introduction of this Wheatstone instrument, have you not had other improvements which greatly increase the carrying capacity of wires?—Yes.

1503. You have had a system of duplexing introduced?—Yes.

1504. That system enables you practically to make one wire do the work of two?—It does: but always remembering that whereas the conditions will be very few and extreme in which the wire will not do its work in one direction, the cases in which the double operation takes place are much more liable to injury.

1505. But this duplexing system can be applied to the simple Morse instrument?—It is so applied.

1506. And it can be applied to the automatic Wheatstone?—It can.

1507. And to the Bain?—Of course as a Bain affects only the receiving portion of the instrument, it will not affect the question of duplexing at all.

1508. So that practically the carrying capacity of the wires has been multiplied many times?—Yes, but not their permanent capacity. If you assume that by the use in every case of fast speed instruments, and by the employment of the large number of clerks, that it is requisite to put to each wire to get the speed out of these fast instruments, you are thereby continuously multiplying the carrying power to a very great degree, it must be remembered that there will be a very considerable proportion of cases during the winter, bad weather and storms, when the public will regard the work based upon the continuous operation of this fast business as very badly done, because you will be using up your reserve.

1509. But on long circuits have you not got spare storm wires?—No, as a matter of fact we have on our main circuits scarcely any wires that are not fully occupied. There are the Press wires; but the Press, I fear, would scarcely allow us to regard them as a spare reserve for ordinary circumstances.

1510. Is it not a fact that ordinary messages, under certain circumstances at all events, take precedence of Press messages?—I certainly believe this, that if you had 10 wires under ordinary conditions, and from some unfortunate occurrence eight of them were stopped, the dedication to the Press service of one particular wire would be put aside.

1511. You say that it would not be safe to trust too much to these high speed instruments?—Not to a degree that would leave you without reserve in case of failure.

1512. With a reserve of wires, is it not the fact that the carrying capacity of the wires you have had

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Dr. *Cameron*—continued.

had is very far from being even yet reached?—Yes, that may be admitted.

1513. There is the Siemens' Morse, for example?—Yes; the advantages have not, however, been clearly proved.

1514. You are doubtless aware that the Belgian telegraphic authorities have reported that the carrying capacity of a wire by means of a Siemens' Morse can be raised to a speed equal to 60 messages per minute?—Certainly; but it depends so enormously upon the length of the circuit spoken of, and other things, that the mere fact does not tell you much.

1515. The honourable Member for Hackney asked you about the quadrupling?—That has proceeded no further here than a very experimental stage, and the experiment has not been very successful.

1516. But it has been worked successfully in America, has it not?—We are told so.

1517. Probably that would be to some extent attributable to the fact that there the chemical system of telegraphs has largely superseded the mechanical?—No; I think it is attributable to the much greater dryness of the atmosphere, and the comparative freedom of the wires there from the atmospheric changes that they are subject to here.

1518. Putting aside the quadrupling, there is another system which has proved very successful in America, the Little automatic system?—We are told it has been very successful in America under very special circumstances.

1519. Have you ever seen an account of an experimental transmission of a President's message of 11,000 words, which was done along one wire over 281 miles in 69 minutes?—I have heard of that; but before I attribute any material value to the fact, I should like to know all the conditions. I believe from information (and I believe that my information is accurate) that for a very great part of the distance, if not for the whole, this very rapid work was done over a wire having the poles all to itself. You can get a very high speed where you have only one wire uninterfered with by any neighbouring wire.

1520. If you could get that, would it not enable you to get rid of heavy payments for way leaves, and so on?—But what would be your position if you stood on your one string, and that was broken?

1521. But you could have your second string, or two or three?—I fear there are many difficulties that would occur.

1522. Now an ordinary Morse instrument will send from 30 or 40 messages per hour. I understood you to say regarding these tablet checks that they represented accurately the amount of work done?—In the day over the circuit.

1523. I hold in my hand a tablet check at Newcastle-on-Tyne, and there I find that between that town and York there was a Morse instrument, and 31 messages transmitted in the day; there would be other stations, of course, along the York line?—That is a matter of local knowledge. I do not happen to know the facts, and I can hardly give you any reply on that.

1524. I asked for a return on these matters which would have enabled me to have examined you on the point satisfactorily, but as I have not got the return I shall be obliged to ask you approximately. I find that in this Newcastle-on-Tyne office there are 161 clerks, excluding

Dr. *Cameron*—continued.

Mr. *Graves.*

5 May 1876.

the superintendents, and that the number of messages sent on this particular day was 3,629. That would give somewhere about 20 messages per clerk sent per day; and a clerk can send 40 messages in an hour, can he not, along the Morse instrument?—Yes, a first-rate clerk.

1525. An inferior clerk can send along the slowest instrument, the A B C instrument, 15 to 20 messages per hour?—Yes.

1526. And does it not look rather a startling thing, assuming it to be true, that in this Newcastle office the average number of messages sent per clerk should only be 20 messages per head?—I am under the difficulty of not knowing the local facts of Newcastle; but I can at once say that very material abatements must be made from the deductions arrived at by that process. To begin with, you must deduct all the staff at Newcastle dealing with news; and next all the counter staff.

1527. I told you that I had not all the returns to enable me to examine you satisfactorily on the point. Here, I have again a tablet check for Liverpool. I find there are 90 circuits upon it, 254 clerks; and I think in this case the counter clerks are excluded, and that the number of messages sent in a day was 8,008, or about 30 per clerk. Now, supposing you allow even half the clerks to be employed, as you have suggested, that would still leave each clerk sending only 60 messages per day?—Undoubtedly.

1528. And that would be how many full hours' work on a Morse; an hour and a half?—It is hardly fair to take the maximum average work of a first-rate skilled clerk, and apply that as the standard to every clerk, young and old, throughout.

1529. It would be equal to three hours' work of an inferior clerk on an A B C instrument?—Yes.

1530. Now, take a high-pressure instrument. I have a tablet check for Glasgow. I find that there with a Bain in the course of a day, 565 messages were sent; that would be how many hours' work?—Probably four to five; according to circumstances.

1531. That was done in 24 hours?—The Bain is only kept going for a few hours.

1532. There is a great deal more work in the clerks than is got out of them, and a great deal more carrying capacity in the wires than is got out of them?—But then it should not be forgotten that at night that wire is appropriated for news. The day's work is a different thing from that which you get in the tablets.

1533. Now it is necessary to send messages without much delay; you are strongly in favour of that?—I am strongly in favour of minimising the delay as much as it can be done with regard to financial considerations.

1534. Do you approve of this 10 minutes' delay system. I understand that in the Post Office the aim is, if possible, to prevent delays of over 10 minutes in the transmission of telegrams?—I believe that it is an exceedingly desirable result to attain. I am not sure that I would endeavour to attain it regardless of cost.

1535. It is a very expensive object; it involves you in a great deal of cost, the aiming at such a high rate of speed?—I think that much cost incurred to lower the delay between very distant

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Mr. *Cameron*—continued.

stations, say from 15 or 20 minutes to five or 10 minutes, is a doubtful expenditure; but I certainly think that nothing has done more to create traffic than rapid transmission; and it is rather to the increased rapidity with which the Post Office has done its work than to the reduced rates, that the development of telegraphic business since the transfer, is due.

1536. I understand that the staff of the various offices is regulated so as to enable the maximum amount of work coming in during the day to be disposed of on that system of a not longer delay than 10 minutes?—I can hardly answer that, because neither the appointments nor the organisation fall into my hands.

1537. Have you any opinion about the overtime question?—I presume the question there is rather whether you would have a smaller number of clerks employed overtime at high pressure, or a larger number of clerks, and do away with overtime. Under ordinary circumstances I think it infinitely better that you should dispose of work that you know will occur, by means of a sufficient number of hands doing proper duty, rather than by a few hands worked at high pressure.

1538. But I think we have shown in our conversation about these tablet checks that in a number of offices the clerks did not do over the entire day more work than they could have probably done in two or three hours?—That is admitted.

1539. Therefore they are underworked at present very much?—In one sense they are; in another, not; because you must remember this, that if a clerk has charge of two or three instruments, in each of which the total amount of work done is small, if you measure his work by the number of messages passing through his hands, you say he does very little; but if you remember that he has to give sustained attention to calls, and to watch those instruments, you will not say he has done nothing at the end of his eight hours.

1540. Are there many clerks who have many instruments under their charge?—The smaller class of instruments in the large offices are to some extent grouped.

1541. Could not that grouping be carried out still further?—I am not prepared to say that it could not.

1542. It would require a re-arrangement of the T. S. Office?—I am hardly able to say that.

1543. I understand that the system of grouping was much more largely in vogue under the old companies?—There is no doubt that it was.

1544. One man looked after a number of different circuits?—He did.

1545. He was put in charge of the whole of them?—One man would take three or four instruments, according to circumstances.

1546. Now one man takes one instrument only?—There are exceptions; but there is no doubt whatever that the Post Office has adopted the system of a larger staff to keep down delay.

1547. So that your remarks about men engaged in looking after several circuits are not applicable to any great number?—It would be unfair for me to speak decisively. I speak of certain offices, not of the system generally.

1548. I suppose you have no hesitation in admitting that, over your whole system, the existing staff of clerks could do a great deal more work without injury to their health?—Taking the system as a whole, and dividing the clerks as a whole, I cannot deny that.

Mr. *Cameron*—continued.

1549. Now, regarding these automatic instruments, they require a great number of men to work them?—They do.

1550. But a large proportion of the men employed on them are engaged in punching?—And in copying out.

1551. Are not both these operations, the punching and copying out, capable of being done by lower paid men?—I hesitate in saying that the operation of punching should be regarded as unimportant, because skilled punching is a very important factor in the case.

1552. But not quick punching?—Not quick punching, though slow punching means more clerks.

1553. It is not so important as in the case of a direct operator on a wire, whose skill and speed regulates and controls the carrying capacity of the wire?—Not quite so important; but, besides speed in punching, there is a great deal in what I may call neatness of hand and great accuracy, because the slightest irregularity in the manipulation, or error in the signal struck, will upset the whole.

1554. What are the wages of punchers?—There are no wages allowed to punchers, as punchers; it depends upon what class of clerks they happen to be supplied from in the office.

Mr. *Leveson Gower.*

1555. Is the proportion of female labour employ increasing?—Certainly, largely.

1556. Do you think it might be still more largely increased, with advantage?—The conditions want regarding carefully. I take it that it would be hardly considered desirable to employ females in night service; and it has been the rule to exempt them from Sunday service. This, in fact, means that you have to remember what is due to the male staff. If you give all the ordinary day work to the females, and throw all the night and Sunday work on the male force, you treat the latter unjustly. Hence it appears to me that in large offices you ought to limit the number of females, so as not to overtax the males.

1557. As far as it is employed it is a great economy, is it not?—It is an economy: I think the comptroller of the central station will tell you that there are some drawbacks to it, but I should only speak second hand on that.

1558. Is the cost of carrying the wires under ground considerably greater than that of carrying them above ground?—Very much greater. Speaking in haste, I should say nearly six times as much on an average. It would differ with the number of wires; a large number of wires would be carried under ground at a much cheaper rate per wire than one.

1559. But the expense of maintenance would be considerably less?—Yes; but then the expense of ultimate renewal is very considerable.

Chairman.

1560. Would not the renewal of those below ground be very rare compared with those above?—Our experience so far has scarcely justified me in allowing more than 20 years to the life of a gutta-percha wire.

1561. Exclusive

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Mr. *Leveson Gower.*

1561. Exclusive of towns, are any wires carried underground now?—Yes, it has been considered most important to try the question by actual experience. We have a line between Manchester and Liverpool which was put down in 1871 for the purpose of testing that by practice.

1562. Of course it is not liable to the same interruption of communication?—No; therein is its great advantage. In five years we have not had a single stoppage on a single wire, out of 14.

Mr. *Goldsmid.*

1563. You said that the supervising staff was very much in excess; would you tell me what proportion of men you think that each supervisor could have under him with efficiency, taking an average?—I am afraid I could only give you an answer so hasty and imperfect that it would be good for nothing.

1564. I find by the figures that you gave, that at present you have about 1 in 3. Another witness said that in the old companies the proportion was greater?—A supervising officer, in my sense of the term, of the rank of superintendent, would more nearly approach to 1 in 20, or 1 in 30, with men under him who are half workmen and half assistant supervisors or gangers. But I do not calculate the thing so much by the number of men as by the conditions; the difference between an agricultural country, towns, and over-house work would affect it very greatly.

1565. Still you think that greater economy could be exercised in reducing the disproportion between the heads and the tails, so to speak, of the office?—Certainly.

1566. You say you have a large number of slightly-paid officers, and the rates of pay in the service of the companies for the ordinary telegraph clerks was from 10*s.* to 60*s.* per week?—It was so.

1567. Are those the same now?—No; the rates fixed by the Post Office bear no relation to those of the companies.

1568. Do you find that the changes amongst telegraph clerks are very frequent?—Among the junior branches I hear much complaint of the frequency of changes.

1569. And the consequence is, that you have a very large proportion of comparatively inefficient telegraphists?—You have undoubtedly an unpleasantly large proportion of clerks who have had little experience.

1570. We have been told by one witness that it takes four years to become a good telegraphist at least?—I have no reason to differ from that.

1571. You said that some of the staff of the old companies were found redundant when they were taken over, and that they were pensioned?—They were not redundant in the sense that the Post Office did not want them, but the Post Office was compelled to let them go to the railways, and to pension them as well.

1572. You do not mean to imply that work could not have been found for them, or that it would not have been more economical to take them than to employ fresh hands?—Certainly not. If the Post Office had had the power, it would have been only too glad.

1573. Could you tell me whether the business might not be largely increased without increasing the number of wires throughout the country, except between certain large towns?—I think it may be assumed that the circuits connecting the minor places might do much more work.

Mr. *Goldsmid*—continued.

1574. And as you have stated that in about a dozen offices of the kingdom about two-thirds of the whole of the business is conducted, do you think that, at a very moderate addition of outlay, you could take a large increase of business?—Yes, I think so, for reasons that justify themselves. You have your establishment organisation, and you want nothing but the bare wires.

1575. Therefore the probability of an extension of the business, without practically increasing the expenditure, is very great?—When I say without practically increasing the expenditure, you must allow me to guard myself by this. Of course, in many cases you could not increase your work without adding to your staff as well as your wires.

1576. You said, in answer to one question, that no probable extension of business would justify the largeness of the present staff?—I limited my remarks there to the engineering and supervising force. When I speak of staff, I speak of the operative clerks.

1577. That is the staff that would require increase?—Yes.

1578. To what do you ascribe this enormous superabundance of supervision?—To the creation of the establishment at a period of the greatest pressure.

1579. And in your opinion was the idea of the department that a larger number of persons would be required than were really required, in consequence of their ignorance of the method of managing the business, and in consequence of their not sufficiently consulting persons of experience like yourself?—I should be sorry to affirm that, because I think it would be unjust to the officers of the Post Office. No doubt whatever there was a want of experience. No doubt whatever, had certain officers possessing technical experience been able to act efficiently with the Post Office, they might have done some good; but it must be remembered that the technical officers of the Post Office at that time had in works of engineering construction all that they could do, and more than they could do.

1580. With reference to stores, have you got anything to do with that?—To this extent, that each superintendent has a depôt, or more than one depôt, at which stores are placed for local consumption; and therefore the custody of those stores rests with the superintendent; but the duty of ascertaining that the stores shown on the list as being in possession are really there, devolves on me.

1581. If you require additional stores, do you apply to London for them?—A formal requisition is sent to London, but they are not necessarily sent from there.

1582. What quantity of stock have you on the average, stores for a year's consumption, or how long?—It varies very much. It is more a question of accident than of design; half a year's consumption, I should say.

Chairman.

1583. Would you like it to be stated in the next railway arbitration case that it costs the Post Office 18*s.* 6*d.* per mile to keep up the wires?—No; but I think I explained, at least I tried

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Mr. *Graves.*

5 May 1876.

Chairman—continued.

tried to make it understood, that the 18 *s.* 6 *d.* or 18 *s.* 7 *d.* was merely a factor of calculation covering the work of maintaining apparatus and everything else.

1584. You might in the same way have taken another, and said it cost so much per post?—Yes, precisely so.

1585. It had no other meaning, and did not at all represent the average cost of maintaining the wires on the roads?—No, it was limited to an internal comparison between two divisions.

Mr. *Cavendish Bentinck.*

1586. Mr. Winter described to the Committee the manner in which the store accounts are kept generally. You read his evidence perhaps?—I heard it.

1587. Can you tell us exactly how these accounts are dealt with in the local store depôts?—Each depôt renders a monthly account to the London office; this account states the amount of stores of each kind in hand at the beginning of the month; it shows on summary, and by detail, the additional stores of each kind received during the month, and whence they were received; it shows to what particular work, quoting the authority if there was a special authority, what

Mr. *Cavendish Bentinck*—continued.

particular kinds of stores were issued during the month. Then, of course, there is the addition on the one hand of the stores received, the subtraction of those issued from the original stock, and the final balance should be in hand. This statement is sent to the London office and by the clerks in the stores branch, of the engineer's office in London, the different returns are checked against each other.

1588. Those are the checks that you have on consumption; or is there any further one?—In addition there is this further one, the superintendent is responsible; he holds the stores and accounts for them. I, as divisional engineer, am responsible for at certain arbitrary intervals, usually once a year, either personally or by my personal assistant, taking actual stock, that is to say, checking the stores themselves against the list of stores purporting to be there.

1589. Do you consider that in your division the old stores could be sold by advertisement?—The difficulty is simply this: we have no old stores, except of a very few kinds. If you renew a line of rotten poles, clearly you have to have along some miles of road a certain amount of rotten timber; to collect it and sell in one place would involve greater outlay than the proceeds are worth.

Mr. William Henry Preece, called in; and Examined.

Mr. *Preece.*

Chairman.

1590. You are a member of the Institute of Civil Engineers?—I am.

1591. And are now an engineer of the southern division of the Post Office?—Yes.

1592. What is your experience as a telegraphist?—I joined the Electric Telegraph Company in the year 1852, and from 1856 to 1870 I had the entire engineering and commercial control of their southern district; from 1858 to 1862 I was engineer to the Channel Islands Telegraph Company, and from 1860 to 1870 I was also superintendent of telegraphs on the London and South Western Railway.

1593. I need not ask you whether you are the author of some scientific and practical works on telegraphy?—I have written a great deal on telegraphy.

1594. Were you recently instructed by Mr. Tilley to report, with Mr. Graves, on the reorganisation of the engineering department?—I was.

1595. And do you generally concur with what you have heard Mr. Graves give in evidence to-day?—Entirely.

1596. I would like your opinion as to whether you think it wise, as at present, to have a separation of the engineering department and traffic department, or, as you call it, commercial department?—I do not think it wise to have such complete separation between the two departments. At the transfer, when the separation or divorce was made, the old officers of the telegraph companies regretted very much to lose the entire control of a business with which they had been associated for 17 years, which had been brought into existence under their guidance, and which they had nursed with much interest. But now that the telegraphs have been in the charge of the Post Office for six years it would

Chairman—continued.

be excessively difficult, if not imposible, to restore the conditions that existed prior to the transfer. At the same time I think that the old experienced technical officers of the Post Office could render material assistance in supervising the telegraph business of the Post Office.

1597. Do not you think that a good deal of the ordinary maintenance of instruments might be done by the superior clerks inside the offices, and not by the outside engineering force as at present?—Certainly, and it is done so to a very large extent; in fact, wherever there are clerks sufficiently qualified and trained to do so, the charge of the apparatus is always placed in their hands.

1598. Do you think that if there was a better and more intelligent technical instruction given in the schools, you would get a class of clerks who would soon be able to do this?—I am quite sure of that.

1599. Was not the very empirical kind of manipulative instruction, which is given in what are called the schools of telegraphy now, owing to the immense demand for clerks and the impossibility of giving them a thorough training?—It was so.

1600. And now that pressure is diminished?—I believe so.

1601. And do you think those schools might be made to train more intelligently the clerks, so that they might be able to maintain their own instruments, and so produce more economy and efficiency in the working?—Certainly.

1602. To what causes do you attribute the greatly increased cost of working the telegraph now, as compared with the days of the telegraph companies?—In the first place, at the transfer the hours of duty, which varied from 10 hours to 12 hours a day, were reduced to eight hours a day;

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Chairman—continued.

day; so that those stations which had to be kept open from 10 to 12 hours necessitated either an additional staff, or overtime; in the second place, there was introduced a species of control which necessitated the employment of the most experienced manipulators in supervising, forming what are technically called walking gentlemen. These walking gentlemen do not now attend to the mere operating or the manipulative branch, but owing to the transference of their duties from operation to supervision, a larger number of lower class clerks have been required; again, the increasing expenditure has probably been assisted by the endeavour to attain too high an ideal in swiftness of transmission; but the principal source of expense is that in the delivery or porterage; porterage in the days of the telegraph companies was a source of income, now it is a source of loss. And again, the heaviest item by far which accounts for the difference in cost now incurred in working the telegraphs, is due to the terrible loss inflicted upon us by the Press arrangements.

1603. We are coming to the Press arrangements afterwards; but taking that question about the high ideal standard or the 10 minutes' standard, it practically means nearly half an hour, does it not, 10 minutes on each side?—It means practically half an hour from the station forwarding to the station receiving.

1604. Ten minutes on each side, and about 10 minutes of other delay?—Yes.

1605. But now supposing I was sending a telegram from here to South Kensington where I live, it is clear that you must send it rapidly, otherwise I could send a cab quicker than your telegram; but is there the same reason for only 10 minutes' delay if I send a message from here to Edinburgh?—No; the whole secret of telegraph business is essentially swiftness of transmission; but the relative speed would vary with the distance, as you suggest; in London if we could not insure half an hour as the average our business would at once fall away; but between London and Edinburgh, or London and Glasgow, we might attain an average of 45 minutes; I do not think it should be much more than that.

1606. Is it not the case that the stock exchanges of the great cities have all special wires to themselves?—They have.

1607. And that it would be possible without having a regular ideal standard for towns, irrespective of distance, that you might make some intelligent arrangements to produce greater economy?—I think you might reduce the present limit, but not seriously; for instance, a man in business would not send a message requiring an answer, if he could not get the answer back within an hour and a half.

1608. But I am supposing a town which is not very commercial; the commercial towns have a number of wires to themselves, like Glasgow and Edinburgh, have they not?—As a rule.

1609. But as to the towns not commercial, do you see any great necessity for absolutely having that 10 minutes' ideal?—No, I think the 10 minutes' ideal might be increased.

1610. Take a town like Salisbury?—In the case of a town like Salisbury it might perhaps be increased to 20 minutes or half an hour.

1611. Without any damage to the public?—Without serious damage.

Chairman—continued.

1612. And with considerable saving to the department?—No, not considerable.

1613. Would you not have fewer clerks?—I think not.

1614. If you require now to send a message every 10 minutes, and you admit that 20 minutes' interval might be allowed, is not that nearly a clerk less?—You see at a station like Salisbury there are numerous local circuits extending from that station, serving the small towns in the neighbourhood, and there is one circuit connecting Salisbury with London, and another with Southampton. The whole staff of the station on duty at one time is only two clerks; and however you might increase the delay upon a message there, I do not not think you would save one of those clerks, because one clerk is almost entirely occupied in sending on the London wire the messages that are pouring in from the local stations.

Mr. *Cavendish Bentinck.*

1615. You say that at the transfer the hours were reduced from 10 or 12 to eight?—The hours of duty of clerks.

1616. Under the present system?—Yes.

1617. Why are they limited to eight hours?—It is the regulation of the Civil Service.

1618. Do they get the same pay for eight hours that the persons in an analogous position, before it became a Government department, received?—Yes.

1619. And therefore they render only eight hours' service instead of 10 or 12?—Yes.

1620. The "walking gentleman," you say, did not exist under that system?—No.

1621. Do you consider the walking gentleman a necessity?—It has been overdone, I think.

1622. There might be a reduction you mean?—There might.

1623. What is the average pay of a walking gentleman?—About 130 *l.* a year.

1624. Would you state what his duties are?—I am afraid that my jocular epithet applied to these gentlemen has rather tended to produce a feeling perhaps unfavourable to them. I might say that the duties which they discharge are onerous and valuable. They supervise the working of the circuits; they control the action of clerks, and watch the progress of business; they attend to delays, to faults in apparatus, and they do a great deal of necessary work. Still this work which they do has really deprived the instruments of their services, that is, they are not manipulative clerks, and their employment on these duties that I have enumerated has tended to increase the number of manipulative clerks, and hence to increase the working expenditure of the station.

1625. Then, as a class do you consider them indispensable?—Not quite; I said I think they have been overdone.

1626. I thought you meant by that that they were too strong in force; too numerous?—Yes; what I meant was this, that in the endeavour to attain too high an ideal, and too great regularity in dispatch, too many of these men have been engaged.

1627. Then with regard to porterage, that item was altered immediately on the transfer?—It was altered by the Act of 1868.

1628. And of course could not be restored?—No.

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Mr. *Preece.*

5 May 1876.

Mr. *Cavendish Bentinck*—continued.

1629. And could you inform any idea what proportion the contribution received from porterage bore to the whole expense?—I cannot.

Mr. *Beckett Denison.*

1630. What ought to be the ordinary time that a message should take from a Yorkshire town to London?—We always endeavour to secure half an hour between any place in England and any other place in England.

Mr. *John Holms.*

1631. What are the usual office hours of the telegraph clerks?—The general office hours are from eight in the morning to eight in the evening.

1632. What were the usual hours under the old system of the old companies?—The same.

1633. And you say that the clerks and others employed under the postal system are engaged at the rate of eight hours a day?—Yes.

1634. Then of course they get over pay?—Yes.

1635. Is that over pay in the same proportion as the usual pay for the eight hours?—I believe an hour's extra pay is one-eighth of a day's pay.

1636. So that practically, since under the old system they had from 10 to 12 hours a day, and they have now eight hours, even supposing the rate to be no more for over pay than you state, the increase would be from 25 to 50 per cent.?—Yes.

Mr. *Watney.*

1637. About your travelling expenses: I understood Mr. Graves to say that there was a certain allowance per day for travelling expenses; is that quite irrespective of the distance you go?—Yes, quite.

1638. What is the allowance?—Twenty shillings a day.

1639. Is that sufficient for you to visit the whole of your district properly?—Sufficient to allow the ordinary hotel expenses, but it does not pay for luxuries.

1640. Do you agree with Mr. Graves that one-half of your time ought to be devoted to travelling?—Yes.

Colonel *Alexander.*

1641. With reference to some calculations already spoken of, exclusive of Ireland, Scotland, and the metropolis, is it not the case that you have 348 individuals employed in the different divisions at a cost of about 34,358 *l.* of salary?—I believe it is.

1642. And you propose to reduce that number of individuals by 58?—I think not by so many.

1643. Somewhere about that?—About that.

1644. And that would effect an economy, as far as the salary of individuals is concerned, of about 6,000 *l.*?—Yes, or more.

1645. Your colleague, just now, brought in extraneous matter, and said that further economy was to be effected, but not as regards the salaries of the individuals employed?—The actual saving that we hope to produce is given at 13,000 *l.*

1646. I have made this calculation, that if you have now 348 individuals costing 34,358 *l.*, and if you reduce that number of individuals by 58, you will find that it effects a saving in salary of about 6,000 *l.*?—That may be so.

Mr. *Meldon.*

1647. What is the average length of time between the delivery of a message into the office in London, and the time that it is received in Dublin; can you tell me that?—I cannot. Mr. Fischer, controller of the central station, will give you that exactly.

Mr. *Ripley.*

1648. I think you stated that the clerks in the Telegraph Department might practically do a greater amount of work during the day than they do at present; but may I ask whether there are certain hours of the day during which they are all so fully employed that, practically, no greater amount of work can be obtained from their operations?—Practically, the whole time of the telegraph staff is employed during the hours between 10 and one; after those hours business diminishes very quickly, and later in the day the clerks are comparatively idle.

1649. Really, in point of fact, no greater amount of service could be obtained from those clerks between the hours of, say, 10 and one, or two?—They are fully occupied between those hours.

Dr. *Cameron.*

1650. The clerks are fully occupied during three hours in the day, in fact?—Yes, during the three busy hours.

1651. Would it not be possible to arrange the hours of the clerks that there should be a number more present during these three hours than during the rest of the day?—It is so arranged.

1652. You have not, in your opinion, more clerks than could do the work in the three hours?—I think that the ratio of clerks to work done is very fairly balanced throughout the country.

1653. During these three hours. To get rid of the work of these three hours, you could not cut down the clerks, you think?—I think not.

1654. Not without extending the time of permissible delay?—Not without extending the time of permissible delay.

1655. Now there are a great number of messages which could be delayed without any inconvenience to the public, are there not?—I am afraid very few.

1656. There are a great many places between which and the metropolis there is but one post per day?—Yes.

1657. In a great number of instances when, in such cases, a man might be content, might he not, to have his message delivered any time, three or four hours after handing it in?—He might; but the cases are very few.

1658. Could there be any harm in allowing the delayable messages to go at a lower price?—I am afraid that would entirely destroy the principle of uniformity on which our business is conducted.

1659. It would destroy it by giving an increased facility to the public, not by taking any from the public; it would leave the express messages as they at present are; at present you must travel first-class; this proposal of mine would give you the option of travelling third-class?—You mean that if people had the power to send messages which may be delayed until the wires are clear, it might tend to increase business.

1660. You speak about its destroying uniformity; is not uniformity equally aimed at in the postal system?—It is.

1661. And

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Dr. *Cameron*—continued.

1661. And have you not got a similar destruction of uniformity in the case of the book post?—The book post and the letter post are totally different systems.

1662. The difference between book and letter post is this, that in consideration of your being able to delay the delivery of the parcels sent by book post for a certain time, you undertake to carry the matter at a cheaper rate; is it not so?—It is not so: the penny post has the conveyance of information, the book post is the conveyance of material; they are only in this respect different systems.

1663. Authors probably will consider that quite as much information goes through the book post as the letter post; but you have never considered the question of delayable messages?—It is quite new to me.

1664. You, I understand, believe that the central station at Telegraph-street requires reform?—I do not say that; I think that there is room for reform throughout the whole service, not specially in the central station.

1665. But it is common to the central station with the rest of the service?—The central station is managed on the same principles as the rest of the system.

1666. You believe that the special arrangements system requires very considerable modification?—Yes; I think the special arrangements system is an expensive luxury.

Mr. *Goldsmid:*

1667. Do you find greater complaints of inaccuracy in telegrams now than there used to be?—I think not.

1668. Do you think that the service is as economical now as it was under the old companies?—I think that the service is as well if not better done now than it was in the days of the companies.

1669. But not as economical?—I should not like to say that.

1670. Did you examine at all the estimates of expenditure which Mr. Scudamore prepared for the Committee of 1868?—I did not see them till they were published.

1671. Can you give us any reason, beyond those already stated by you, for the enormous discrepancies?—I cannot.

Chairman.

1672. This question has been put into my hands; is it not the fact that in all the larger offices the hours of duty of the clerks were nine hours, and not 10 under the old companies?—It was so.

1673. I am also asked to put this question to you: are the present stations kept open for longer hours than under the old system, or for less?—For longer hours. Many are open from seven in the morning till nine at night. I said that the general hours were from eight to eight; but there are many open till nine and some till 10.

1674. And some for less?—A few close at seven.

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Tuesday, 9th May 1876.

MEMBERS PRESENT:

Colonel Alexander.	Mr. John Holms.
Mr. Charles Allsopp.	Lord Robert Montagu.
Dr. Cameron.	Dr. Lyon Playfair.
Mr. Cubitt.	Mr. Ripley.
Mr. Goldsmid.	Mr. Sclater-Booth.
Mr. Leveson Gower.	Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR

Mr. ROBERT WILSON JOHNSTON, called in; and Examined.

Chairman.

Mr. *R. W. Johnston.*

9 May 1876.

1675. WHAT is your official position?—Controller of Special Arrangements and Supervisor of Telegraph Instruction.

1676. Have you had considerable experience both as a postal and telegraph officer?—I have. I have passed through the grades of both services, and attained a position of responsibility in each service.

1677. What are your immediate duties as controller of special arrangements?—To devise and carry out the best means of providing for exceptional pressures of telegraphic business on such occasions as race and coursing meetings, agricultural shows, political and general public assemblies, important trials, military manœuvres, volunteer competitions, railway accidents, and such like.

1678. Do such events occur frequently where the ordinary facilities for telegraphic communications are small?—Almost entirely at such places. For example, at Newmarket, where there are eight race meetings in the year; at Doncaster, at Epsom, at Goodwood, at Ascot, Croydon, Windsor, Sandown Park, and so forth. As regards other events, the Royal Agricultural Society's show, which gives rise to a very large amount of telegraphing, has occurred recently at Bedford and Taunton; the British Association, the Church Congress, the Social Science Congress, and other events of that character, are held annually at different places of varying importance.

1679. At such places the ordinary telegraphing staff of clerks would be unable to meet the contingencies?—As a rule, decidedly unable.

1680. To what did the special staff owe its origin?—The special staff originated in the requirements of the Post Office in regard to the instruction in telegraphy of persons in all parts of the United Kingdom prior to the transfer. At the transfer it was gradually reduced as the instruction of the provincial staff became complete, but it was soon found that as the relief staffs maintained by the several telegraph companies had practically disappeared, in fact, they were mostly absorbed by this instructing staff, provision must be made for exceptional pressures

Chairman—continued.

of work which this relief staff had, to some extent at least, provided for.

1681. Then the relief staff of the old companies, as I understand you, was in some respects similar in duties to those performed by the special staff now?—To some extent, yes. A large portion of the work which the special staff now does did not exist in the days of the telegraph companies, partly because the means of sending press messages, for example, were so very restricted. At Newmarket, for instance, there were men employed under the special staff arrangements last week who were employed at Newmarket on precisely the same duties ten years ago.

1682. Under the relief staff?—Under the relief staff.

1683. Will you describe generally the nature of the duties you perform when called down to a special occasion?—Do you mean personally?

1684. No; I mean the nature of the work?—At race meetings, agricultural shows, and other events where the public congregate in large numbers, the work consists chiefly of ordinary private telegrams, although there is always a large quantity of work telegraphed on behalf of the press. On most other occasions press messages largely predominate.

1685. How many racing and coursing meetings are held in a year?—There were 260 last year, but I may say that a great number of them were very unimportant, and were arranged for locally.

1686. But they form a considerable proportion, do they not, of the occasions on which the special staff goes down?—A considerable proportion.

1687. Are there separate and independent telegraphic offices at the grand stand on the occasion of the most important races?—There are. There are 64 separate grand stand offices throughout the United Kingdom used in connection with nearly one-half of the whole number of meetings.

1688. Are these under your control?—They are. Many of them were established by me, and owing to the rapid growth of business I am constantly engaged in devising plans for their enlargement, improvement, and reconstruction.

1689. Do I understand you that your special staff

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Chairman—continued.

staff moves about the country quite independently of the surveyors' districts or divisional engineers' districts?—It does.

1690. Can you explain to the Committee what economy or efficiency is produced by this arrangement?—I consider that having regard to the peculiar nature of the work, and to the fact that England is plotted out into 10 very small postal surveyors' districts, no other arrangement would be practicable, at all events I cannot consider that any other arrangement would be so economical. If the Committee will permit me, I will give an example of what happened at the end of last month. During the last fortnight in March there were six important race meetings, all occurring within a comparatively limited radius, and yet divided amongst five postal surveyors' districts. Those meetings were all worked by a body of the special staff proceeding from place to place and travelling on Sundays I am sorry to say, and at night. Even if the requisite staff had existed locally, I am quite sure the work could not have been done so economically under five separate unpractical organisations.

1691. You would have to draw portions of your staff from those five different surveyors' districts to meet the emergencies, had you been single-handed?—I should; always supposing that the kind of staff existed in those districts.

1692. Is the work of a specially technical character?—It is. As regards the race and coursing meetings, particularly so by reason of the names, weights, ages of horses, and riders, the contractions to which those people constantly have recourse, and the very bad writing which they always indulge in. On such occasions as the Wimbledon and Shoeburyness meetings, the official scoring has to be telegraphed in all its naked complexity; and we have even had to telegraph the equivalent of a series of diagrams from Wimbledon.

1693. What I rather meant was, do you use simple instruments or do you use complex instruments involving a good deal of knowledge on the part of the clerks you employ?—We use practically all the forms of instruments, but chiefly, perhaps, the Wheatstone.

1694. Chiefly the automatic instrument?—Chiefly the automatic instrument; and I should like to add that in several districts where the special staff is very largely employed throughout the year, that form of apparatus is not in use unless on these special occasions.

1695. Does the nature of the work as connected with the race and coursing meetings require clerks of a high order who may resist temptations of bribes?—Most decidedly so. I consider it to be of primary importance that officers only should be employed of known probity, entirely free from local influences of every kind, and under uniform control wherever and however situated.

1696. Can you give the Committee some idea of the number of messages done in a day under the special staff system as compared with some large office, such as Glasgow, for instance?—As regards the actual figures at Glasgow, I shall have to speak somewhat from memory or impression, but I think I shall be very nearly correct in assuming that the number of messages dealt with in a day in Glasgow is 10,000. I believe that includes press messages. There are 200

Chairman—continued.

clerks at Glasgow, and 90 circuits, so far as I can remember. On a single day at Doncaster, that is, on the St. Leger day, the special staff, assisted by a few local clerks, disposed of upwards of 6,000 messages with 30 clerks and nine circuits. It would appear, therefore, that the special staff did about two-thirds of a day's work in Glasgow with about one-seventh of the staff and one-tenth of the appliances. On that day at Doncaster the special staff took for postage stamps, over the counter alone, for telegrams, 228 *l.*, which I suppose has hardly ever been exceeded at any office in the kingdom.

1697. Would you draw, as a conclusion from that, that all offices might work on the same high pressure system as the special staff does on those occasions?—Certainly not.

1698. Why not?—For a variety of reasons. If you will permit me, I should like to explain those reasons, with special reference to the facts brought out on Friday with regard to the averages of messages done per clerk per hour. I shall have to be rather long in doing so, but I think it is an important point. I do not put these figures forward as showing the superior method of disposing of work on special occasions, although they are certainly valuable as an evidence of what the system is capable of under extreme pressure, when a highly skilled staff is employed at both ends of the wire. The figures are intended rather to show the fallacy of naked returns and averages, in which the surrounding conditions are not fully set forth. The primary condition in obtaining high working results is that the work should exist. It does exist very largely, as I have shown, at race meetings; but there are many offices which, although they have a comparatively large number of instruments, and a correspondingly large staff, have only a comparatively small number of messages; while, on the other hand, there may be some offices with small staff, few wires to work, and a comparatively large number of messages. The question here, I take it, is entirely one of whether the wires and clerks are fully employed, or whether there is a large amount of waiting and watching to be done in the course of the day, because if you have a large number of telegraph instruments, whether you have a large number of messages, or not, the instruments must be watched, else they are no use at all. Again, some offices work a disproportionate number of long and difficult circuits, while other offices work a disproportionate number of short and easy ones. Electrical conditions, too, affect some offices more than others; and even a wire may be more speedily worked in one direction than another. The nature of the traffic also, especially where foreign telegrams are largely dealt with, is an important element in the calculation.

1699. If I understand you rightly, your answer would have a similar analogy with regard to railway traffic, where you must have a minimum number of servants, engines, and carriages waiting the arrival of passengers, the number of which you never know on a day?—Precisely.

1700. If you knew actually the number of passengers that would come in any one day you could regulate your traffic much better?—And if you knew the times at which they would come, which is an important element as regards telegraphy.

1701. If you have a continuous stream of

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Mr. *R. W. Johnston.*

9 May 1876.

Chairman—continued.

messages without interruption, you could carry through on high pressure as you do with the special staff?—I should not like to go that length. I think the physical pressure on the staff would be too severe. These men of whom I spoke as having disposed of 6,000 messages in a day, were working 12, 14, and 16 hours a day.

1702. As to the travelling telegraph office, what is that?—It was designed by me, and is a sort of telegraph office on wheels which carries a short length of cable, batteries, instruments, and so forth, which we use on such occasions as the boat-race, where there is no permanent telegraph office nearer than half a mile; at Lord's Cricket Ground, when the Eton and Harrow cricket match is on, and the Oxford and Cambridge match is being played; at the Agricultural Hall when the cattle show is being held, and at Ascot and Goodwood.

1703. You put yourselves into electrical communication with the circuit of the neighbourhood?—With the nearest wires.

1704. Evidence has been given before the Committee that your office is rather a luxury than a necessity; what is your opinion upon that point?—Personally it is not a luxury, but a very thankless office; and the staff do not consider it a luxury. Officially I think it is an absolute necessity under the system which I described, whereby England is plotted out into ten small postal divisions which, in my opinion, are entirely unsuited to telegraphic arrangements.

1705. Have you made any suggestion in a report for increasing the utility and economy of your staff?—I have.

1706. What do you propose?—I think that instead of existing as a separate branch, as it exists at present, attention might be given to the formation of a practical branch of the secretary's office, as distinguished from the general policy and correspondence branch, such practical branch to include special arrangements, supervision of telegraphic instruction, press arrangements of all kinds, and the treatment of irregularity reports relating to the practical working of the system.

1707. You have spoken of the telegraphic instruction; are you also the supervisor of the telegraphic schools?—I am.

1708. Throughout the country?—Throughout the country.

1709. What are these schools; do they exist both in London and in the provinces?—A separate school exists in London for the training of 20 male and 30 female pupils. Schools may be said to exist in Edinburgh, Dublin, Liverpool, Manchester, Bristol, and one or two other cities.

1710. Is the nature of the instruction common in all of them?—I can hardly say it is. I have no direct personal supervision over any of the schools except that in London.

1711. Will you tell the Committee, when it is called a school, what is the nature of the instruction given in it?—In the London school the pupils are trained in all the systems worked by the Post Office, that is to say, the single needle instrument, the printing instrument, the sounder; and the male pupils are also taught to punch for the Wheatstone automatic instrument. During the final stages of instruction the pupils are required to go through all the routine of a working telegraph office. I should like to mention here that in addition to supplying the wants of the metropolitan offices generally, the London school has

Chairman—continued.

been utilised to a considerable extent for giving manipulative instruction to officers and men of the Royal Engineers and Royal Artillery.

1712. Then the instruction, I understand, is of a purely technical character as distinguished from rational; it is a mere manipulative instruction?—Yes.

1713. Do you teach them the elements of electricity in the school?—In London, as I have shown, the school is mostly taken up with female pupils. We find, as a rule, that it is a hopeless task to attempt instruction of that kind with them.

1714. Do you think that may not be more the fault of the teacher than of the taught?—I do not think so.

1715. You think the female mind is not susceptible of receiving the elements of science?—I think the female mind does not care anything about it, at least we have never been able to enlist their sympathies in it at all.

1716. You are probably aware that there are now in the North and almost all the large towns regular systematic courses of instruction in science for females, and that they are largely attended, and that they answer quite as well as the men in the examination papers?—That very much depends on the class of females. We cannot attract a class of females of that kind to the telegraph service.

1717. What are the class of females that you get in the telegraph service?—Girls who can pass a simple examination in handwriting and orthography, and do a few figures. In fact, we have very recently been compelled to reduce the educational standard in order to get people at all, although that chiefly applies to boys.

1718. Not to females?—Not so much to females, but it does apply to them.

1719. Have you made any proposals for improving the character of the instruction in the schools?—As regards the country, I have. The present system, by which each surveyor provides for his own wants, is not, in my opinion, calculated to produce efficiency, because there are some districts where learners can very easily be got where they are not wanted, the offices being small and the requirements small. There are other districts, such as the great manufacturing districts, where they cannot be got at all, or got with great difficulty, and where they are very much wanted. My proposition had for its object the treatment of the question of telegraphic instruction for the telegraphic service as a whole, so that learners could be trained at points where they could be got but were not wanted, and sent to places where they were wanted and could not be got.

1720. You mean more as a question of recruiting; you would recruit the service as a whole, and not recruit districts?—Certainly, and by some more practical method of instruction than is adopted at present, by which means no doubt technical instruction could be added to the regular curriculum of the schools very much more easily and efficiently than it can at present.

Mr. *Cubitt.*

1721. You have no fear at present of the instruction becoming rather in advance of what is required at these schools?—As regards quality or numbers?

1722. Quality?

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Mr. *Cubitt*—continued.

1722. Quality?—Not any.

1723. Are you responsible directly to the secretary?—I am.

1724. By whom is it regulated as to the services required of your staff?—Practically by the secretary.

1725. Are you yourself responsible for recommending the places to which you should be sent, or have you a special officer who has to find out where your services are required?—A list is made out each week by me, and the occasions on which I think it desirable or necessary that this work should be undertaken by my staff are specially marked in the list: the list is submitted to the secretary before being inserted in the postal official circular, and of course it remains with the secretary to alter or amend it in any way he thinks fit.

1726. Besides your technical duties you have to keep yourself well advised of all the events about to occur?—I have. The amount of my newspaper reading is, I regret to say, positively dissipating.

1727. Not only wants of public importance, but amusements of every kind which you think will bring in revenue to the telegraph?—Of every kind.

Mr. *John Holms.*

1728. I think you say the increase of business of the kind you have to do with, has demanded an increase of the establishments?—I did not say so. I said as to the offices, but that is the fact to some extent.

1729. Under whose authority is that increase of offices made?—Under the secretary's authority.

1730. You were asked by the chairman what economy and efficiency is produced by your special staff; I do not think you quite answered that as to economy; what economy is produced by your special staff going about compared with leaving it to the localities?—Always assuming that the localities could provide for the work, which is mostly not the case, the economy consists in the mobility of the staff, and in several events being dealt with under one organisation. I can give a nearer example than the one I gave. For instance, the Epsom race meeting took place a few days ago; immediately following on the Epsom meeting, a meeting at Sandown Park took place. The two places are about eight or nine miles apart, yet they are in two different surveyors' districts. The staff at Epsom were at work till about seven or eight o'clock on the Wednesday evening, and were at work the same evening at Esher in connection with the Sandown Park meeting. If the surveyor of the district in which Esher is situated had had to provide for that meeting, he could not have done so from a nearer point that I know of than Southampton or Portsmouth. The clerks must have left Southampton or Portsmouth at an early hour in the day to attend to that meeting; the travelling expenses would have been greater, of course; and their per diem allowance would have been 6 *d.* a day, or a farthing per hour less.

1731. Upon the whole, is this kind of business, which you have care of, a profitable department to the telegraph department?—It is.

1732. Is it increasing?—It is.

1733. How many do you employ generally as a staff?—The full establishment is 22, including two officers of minor rank who act as inspectors.

Mr. *John Holms*—continued.

1734. When not engaged in going about, what are their duties?—Practically they are engaged from March to November. March and November are two of the heaviest months for racing business in the year. From December to February they take their "summer" holidays. They are obliging enough to take their holidays when there is no work for them to do.

Chairman.

1735. You do not mean that they have holidays for the whole time?—No, during that time. It is a curious fact that the railway accident and shipwreck season almost always sets in at the end of the racing season, and I can illustrate this by several striking examples.

Mr. *John Holms.*

1736. You spoke of the great speed that you obtained upon some of those occasions?—Yes.

1737. Do you use the duplex system upon all those occasions?—On very few of them, for the simple reason that our traffic is mostly in one direction.

1738. And therefore it is a simple system?—Not necessarily so. We want an instrument that will carry a continuous stream of traffic in one direction.

1739. Then you are the supervisor also of the training schools in London?—Yes.

1740. How long generally do you find that a learner requires to be with you before he is perfectly efficient to enter upon duty?—You can never make a telegraph clerk in a school. That is a first principle; but from two to three months enables us to train boys and girls sufficiently well to be put to the minor circuits in a large office, and, of course, at these minor circuits the learners gain most valuable experience; from 10 weeks to three months is the average time.

Mr. *Charles Allsopp.*

1741. You said that you consider the clerks of the special staff should be of known probity and very high character; do not you consider that those who send ordinary commercial messages, and such like, should be the same?—I do; but of course they are not exposed to the temptations which beset the members of the special staff.

1742. Are there any precautions taken as to that?—There are precautions taken.

1743. Can you remove any ordinary telegraph clerk from one place to another in the same way that you can your special staff, or do the terms of their engagement fix them to one place?—The terms of their engagement do not fix them; but, practically, they are fixed. The Post Office system is that the clerks belong to certain districts.

1744. Therefore, if you had more clerks in one place than another, you would have to get rid of them altogether and not remove them?—I should not like to say that; you mean to transfer them to another place?

1745. Yes?—I should not like to say that.

1746. Are there many transferred?—That I cannot speak to positively.

Colonel *Alexander.*

1747. Some postal telegraph offices are entirely worked by women at the west-end, are they not?—Except the night duty.

1748. Is there any complaint as to the manner in which women perform their duties in those

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Mr. *R. W. Johnston.*

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Colonel *Alexander*—continued.

offices?—I am not aware. A question of that kind would not come under my notice.

1749. Do you know whether they make many mistakes in the transmission of messages?—I could not say.

1750. I suppose one of the great advantages of the employment of women is that they are not constantly looking, like men, for an augmentation of salary; it is cheaper in that way?—It is cheaper per head. I should not like to say that it is cheaper in the aggregate.

1751. You are not likely to have strikes among women?—No.

1752. Are women entitled to pension?—I believe so.

Lord *Robert Montagu.*

1753. Your special staff is not stationed anywhere, I suppose; it is entirely a roving staff?—The head quarters are in London, but for eight or nine months of the year it is practically a roving staff.

1754. They do not do any office work like the other telegraph clerks; and they are not stationed at any particular instrument in London or in Manchester?—No.

1755. Is it you that determine where they shall go when they are sent to any place?—I have already explained that a list was made out each week in which all the events for the coming fortnight were specified; that I mark each event which I think demands special attention, and that that list is submitted to the secretary before it is inserted in the official circular.

1756. Then the initiation of the proposal that the special staff should go down arises with you, and the secretary cuts out any place that he does not think deserves a special staff?—That is so.

1757. So that there might be provincial meetings, we will say, in Bradford or elsewhere, and it would rest with you to say, in the first instance, whether a special staff should go down there?—As regards Bradford and places of that character, the question very seldom arises now.

1758. Do you never send down a special staff there?—No; not as a rule now.

1759. Why is that?—Because Bradford is a large office to begin with. The special staff have gone to Bradford, and I think I should be justified in saying that the special staff has done a very great deal in the way of teaching the larger offices how to dispose of press messages; and the occasion has passed away to some extent, at all events, as regards offices of that character.

1760. It is left to the office of the place itself, if the office is large enough?—Practically now it is.

1761. Do the special staff report as well as telegraph; when you say a speech is sent by telegraph, do they take it from the reporters and then telegraph it, or telegraph it at the time?—The reporter brings the speech to the office written out, and the special staff deal with it, or on very important occasions we extemporise a messenger service between the office and the place where the meeting is being held, so that we shall get a quantity of the work in early.

1762. What I mean is this: if you send down your special staff anywhere, are reporters sent down to hand the reports to them, or do they make out the reports?—We have no function at all with regard to reporting events, none whatever. That ceased with the transfer of the

Lord *Robert Montagu*—continued.

system to the department. The telegraph companies used to undertake both duties, but not the Post Office.

1763. The travelling telegraph office which you speak of is not taken to the place that you telegraph from, but the special staff sit in the office of the place itself and telegraph from that?—That is used on so very few occasions that it would hardly apply to the general principle. For instance, it is taken to Mortlake on the boat race day, because there is no telegraph office nearer than East Sheen, which is half a mile or more away, and it is stationed in Lord's Cricket-ground, in the Agricultural Hall, and so forth.

1764. Do the newspapers pay for these reports; you said it was a paying concern, and that it paid its own way; how is it profitable?—I spoke of the whole Post Office special staff, I should not like to say that the purely press part of the work is a paying concern, but that is much the smallest part of it.

1765. I do not understand how it pays its own way then?—During the year 1875 there were telegraphed, in connection with 264 race meetings, a total of 436,603 messages.

1766. Those messages were paid for?—Part of them. I was going on to explain: of that number only 108,000 were on behalf of the press, leaving upwards of 300,000 ordinary paid 1 *s.* telegrams.

1767. They are transmitted through your special staff, and paid for, those 300,000 odd?—They are.

1768. Are the 108,000 press messages paid for?—Some of them are; the majority are carried to account, and charged in a monthly account.

1769. Charged to the Post Office funds?—Charged to the newspapers.

1770. The newspapers pay for these 108,000?—Precisely.

1771. Then all the messages that the special staff convey are paid for?—Yes.

Mr. *Ripley.*

1772. You stated, I think, that there are about 260 occasions when special service is required?—That referred to last year.

1773. And you also said that on many of these special occasions the service was provided locally; could you tell the Committee what number had to be provided otherwise than locally; that is, in point of fact, on what number of those occasions your special service really did the work?—I have not the precise number, but I will supply it; the 260 occasions refer to race meetings only; to nothing else.

1774. You said that on many of these occasions, locally the special service was provided; I wanted to know to what extent you used your special service; and also you referred to the fact that this was a paying service. I should like you, if you could, to distinguish between the number of messages which were sent on those occasions by your special service and the number sent by the special service locally provided for?—I should explain, with regard to the race meetings, that those that were not provided for specially were of the very smallest class at a great distance, where there were practically only 12 or 15 messages.

1775. You stated that you have general superintendence of the entire schools over the country?—Yes.

1776. But

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Mr. *Ripley*—continued.

1776. But that specially you had the supervision of the London schools; may I ask what you meant by the superintendence of the schools over the country?—I think I explained to the Right honourable Chairman that it was a mere clerical supervision as regards the country; that it was not a personal supervision.

1777. For instance, do you receive periodical reports of the state of those schools?—I do.

1778. And of the number of pupils?—Yes; and of the progress made.

1779. You stated that in London you have about 20 male and 30 female pupils; could you state the number of pupils in the whole of the other schools?—I could not supply that accurately at present; last November there were 160.

1780. Do those pupils pay for the teaching?—They do not.

1781. They are voluntary pupils who go there to receive instruction in telegraphy?—Yes, in their own time.

1782. Who are the heads of these different schools; are they men, of course, in the service of the Post Office, who are exclusively employed for these particular duties?—Not in all cases. I should say that in most cases the learners are trained in the instrument room, under the superintendence of the clerk in charge.

1783. I am confining your attention to these schools?—In those which I mentioned, London, Edinburgh, Dublin, Liverpool, Manchester and Bristol, the instruction is carried on by a special officer.

1784. Whose entire time is occupied in teaching these pupils telegraphy?—I am not aware whether his entire time is occupied in that way or not.

1785. Your superintendence is really almost more than nominal?—I have insisted over and over again that it should be very much more practical than it is.

1786. You said that, practically, they almost learned nothing?—I should not say that.

1787. What do they learn if they do not get any knowledge of the transmission of messages?—They do get knowledge of the transmission of messages.

1788. You said that they had actually to come into an office before they could be made useful?—Those who were trained in the instrument room, that is so.

1789. I suppose, as a matter of fact, the great mass of the new people, both young men and women, who go into the telegraph department never go into these schools at all; they go and learn what they do know in the office, where they see practically the working of it; am I right in that supposition?—I should not like to answer off-hand, because I do not know the actual figures. I should say scarcely so.

1790. You could bring up the figures stating the number of pupils in these schools to be so many who passed through the schools in the past year, and the number of people who have passed into the telegraph department other than those?—Yes.

Dr. *Cameron.*

1791. I think some Members of the Committee appear to have the impression that your business is chiefly connected with press work?—That appears to be the case.

1792. But it is not so?—It is not.

Dr. *Cameron*—continued.

1793. You send a great many more messages for the public than for the press?—A great many more.

1794. And, so far as the press is concerned, your existence is really a matter of very little importance?—Not of so great importance as it is to the general public.

1795. At most it would amount to the delay of half-an-hour or so on some racing telegrams?—I should not like to say that. As regards racing, it is of importance, perhaps, more than in the other way.

1796. It is, to a certain extent, to the evening papers, but chiefly to betting men?—I cannot say that. I am not supposed to know the nature of the messages at all.

1797. You go to a great number of race meetings?—The special staff goes.

1798. To many more than the ordinary newspapers care much about?—They report them.

1799. Because they are sent. I see here that the special arrangement staff costs 8,895 *l.*, according to the estimate?—That is the estimate for this year, I think.

1800. You have, I believe, a separate system of accounting in connection with your office, have you not?—No, we have not.

1801. You have a number of clerks, chief clerk, controller, first class clerks, and second class clerks; what are they engaged about?—The chief clerk is engaged in my office, in clerical work; all the others are engaged in the work of practical telegraphy.

1802. I am informed that on many occasions, especially in big offices, the effect of the special arrangement staff going in, on occasions of importance, when there is much work to be done, does harm rather than good; have you ever heard complaints on that subject?—I have heard complaints on that score.

1803. Do you agree that it does harm?—Certainly not; I believe it puts the staff of such offices on their mettle.

1804. In large offices, such as Glasgow, there is a great amount of news work done regularly, is there not?—There is a great amount of news *received* at Glasgow.

1805. And transmitted?—A small amount transmitted, I should think.

1806. Is not all the Irish news transmitted through Glasgow?—Of that I am not aware.

1807. It is so; their clerks should therefore be very well up in news business?—They should.

1808. So far as the small offices are concerned, is not there on many occasions a rather needless subdivision of superintending work. At Inverary, for instance, when the Queen was there I understand there was a telegraph engineer sent down, a post-office surveyor, and you, as representing the special arrangement staff?—I was not there; one of my officers was there.

1809. I am informed that one officer might have done the whole of the work?—The engineering and the other portion?

1810. That the engineer might have done the whole thing?—The manipulation as well?

1811. No; everything but the manipulator's work?—I do not know who the engineer was.

1812. Your assistant did not do the manipulation?—He did some portion of it, I believe; and I may

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Dr. *Cameron*—continued.

I may add that he could have performed the engineer's duties as well, had such been necessary.

1813. But you have clerks there in any case; and, in any case, would not it be very much cheaper to send a manipulator from some point close at hand, such as Glasgow or Greenock, than from London?—As a matter of fact that officer, so far as I remember, did not go from London; and that is the mistake which is constantly made. The genius of the special staff is, that you are generally able to pick up a man at two or three different parts of the country at almost any moment; otherwise it would hardly have a *raison d'être*, if it always went from London.

1814. The travelling expenses nevertheless cost 4,500 *l.* a year, in this year's estimates?—That is the estimate. I am afraid that is an over estimate; for 1874–1875 the total estimate was 8,645 *l.*; the actual expenditure taken from the appropriation accounts was about 1,000 *l.* less. But that was brought about by the fact that in the meantime railway fares had been very much reduced owing to the action of the Midland Railway Company.

1815. How do you settle the question of railway fares; do you do it by the docket system?—No.

1816. How do you do it?—The officer pays his own fare and charges it in the accounts.

1817. And you check the expenditure of the whole staff?—I do.

1818. As to the school of telegraphy I see in the estimate that independently of yourself there is one superindendent, and a male assistant to supervise one male instructor?—One male instructor and fifty pupils.

1819. There are three supervising officers to supervise this one instructor; of course the instructor instructs the pupils?—Certainly; the instructor cannot instruct all the pupils. The assistant superintendent is in reality nothing more than a senior instructor. The chief superintendent is now mostly engaged in my own office in dealing with cases relating to the instruction throughout the country generally.

1820. The male assistant certainly gets 150 *l.* salary as against 60 *l.* salary of the instructor?—That was very much brought about by circumstances. The male assistant is an officer of considerable service; he had been in the service of the late Electric Telegraph Company, like myself; then he entered the service of the Post Office, as I also did; and then he was transferred back to the telegraph service at the transfer, and of course we had to take him with his liabilities; but I may say that I was not primarily responsible for recommending the scale on which he was placed.

1821. In the female school I find that you have a matron, and an assistant to that matron to superintend three instructors?—There are only two now; we have reduced the establishment.

1822. Then you have two supervising officers in the female school to supervise two instructors?—Yes; the assistant matron is practically what the assistant superintendent is, a senior instructress; and we have thirty females.

1823. The old companies had no school of telegraphy, had they?—I am not sure about that, possibly not.

1824. Seeing that you have only one male instructor and two instructresses, do you have to send them about the country to the various schools?—No.

Dr. *Cameron*—continued.

1825. How do they work; you have half-a-dozen schools?—Yes; they are worked by local assistants; they work under the postmaster, in fact. I simply get monthly returns of the progress of the learners.

1826. You have one instructor and two instructresses; that is three instructing officers?—That is so. I think perhaps you are taking into account the amount of 2,000 *l.* a-year travelling expenses of instructors.

1827. Yes?—Of that expenditure I have no control.

1828. How does it arise; what is that expenditure?—I cannot explain.

1829. Who can?—At least, I can only explain from hearsay. It is not expended under my control or supervision in any way. I should say, for the most part, it is not expended on instruction at all, but on inquiries made by certain officers who were at one time instructors, and who now work under the surveyors as travelling officers. That is my impression; at all events, it has no connection with the schools.

Chairman.

1830. The financial officer would explain that?—I should say so.

Dr. *Cameron.*

1831. Can you give me any idea of the cost per head of the pupils instructed in those schools?—I will supply it.

Mr. *Leveson Gower.*

1832. When were those schools established?—Some time before the transfer of the telegraphs to the Post Office, of course it was apprehended that a very large number of extra people would be required to carry on the amalgamated services. An arrangement was made—not by me, I am only speaking from what I believe to be the fact—with a private individual, to instruct a number of persons on behalf of the department. I believe the arrangement was either made or recommended by Mr. Weaver, the secretary of the late Electric Telegraph Company. The department, I think, paid this person a capitation grant of so much per head. But then it was found that as the requirements of the service, especially in London, where we have a large female element which is constantly changing, grew, we must establish some method of our own of instructing, and the schools may be said to have arisen out of that circumstance.

1833. Before the transfer there were no such schools?—I am not sure; I could not answer that question positively.

1834. You stated that the standard of education on admission to the schools was lowered; has the service suffered in efficiency from that?—It has only been lowered comparatively recently; we have not had time perhaps to ascertain definitely, but I should say, on the face of it, that it had suffered, or would be likely to suffer.

1835. In towns with fluctuating populations, such as watering places, do you withdraw or diminish the staff during the empty season?—That does not come under my cognisance. I should say rather that the staff is kept at its minimum, and then assistance sent from larger offices during the pressure. That is my impression.

1836. The

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Mr. *Leveson Gower*—continued.

1836. The assistance is not sent by you?—No, unless under very exceptional circumstances.

Mr. *Goldsmid.*

1837. You appear to have three principal officers under you?—Yes.

1838. Two superintendents and a chief clerk?—Yes.

1839. What are the names of your superintendents?—Messrs. Mason and Algar.

1840. And of your chief clerk?—Mr. Harnett.

1841. What duties have they specially?—The chief clerk is employed in my office; in fact, he is for the most part my only clerical assistant for general duties.

1842. He manages the correspondence?—Under my direction; takes shorthand notes from me, and so forth.

1843. Then the superintendents?—They are engaged in active duties throughout the country, constantly travelling.

1844. A superintendent goes for instance with the special staff to Newmarket?—Yes.

1845. And he supervises the management of the business?—Yes. Sometimes it is necessary to send two, as on the occasion of the Two Thousand Guineas day We constantly work three separate offices at Newmarket.

1846. Then you sent assistant superintendents as well?—Yes.

1847. What are their names?—Messrs. Garrard, Graves, Cooper, and Douglas, all of whom are old officers of the late Telegraph Company. Mr. Bradford, the remaining assistant superintendent, was on special duty at Sandringham during the residence there of the Princess of Wales. I wish to explain that these assistant superintendents are merely so in name on very many occasions, because they are first-class manipulators, and are practically only senior clerks.

1848. Can you tell me what the life of a clerk is in your service on the average; I do not mean how long he is likely to live himself, but how long he is likely to be in your service after he has passed out of the school; or do not you know that?—Mr. Fischer could speak to that with greater definiteness than I can. The life is short, I am afraid, in very many cases.

Mr. *Ripley.*

1849. I should like to ask you whether the entire number of the pupils who came into these schools pass afterwards into the service of the Post Office, if not, what proportion. It is a question, I apprehend, you cannot answer off-hand?—Except such of them as are found incapable of being fully trained or resign during the period of training.

1850. That is the very point as to which I wish information; the number of pupils you have had in the school in the past year, for instance, and the number of those who actually passed into the service of the Post Office?—I can give you the number for London schools; I will supply it afterwards.

Chairman.

1851. You are anxious to add something to your evidence regarding the instruction of clerks for telegraphic purposes?—Yes. I wish to guard against being understood to say that I was not in favour of a better kind of instruction than we now give; but at the same time we want a better raw material than we get now, and we want to give them some inducement in the shape of pay to stay longer in the schools to acquire that instruction.

Chairman—continued.

1852. You mean by technical instruction that you would be glad, instead of teaching merely the manipulative use of the instrument, to give them a rational knowledge of the instruments they use?—Precisely so.

1853. And in that way do you suppose they would become more intelligent clerks, capable of maintaining their instruments, and making their work more effective?—I have not the least doubt of it. I should like also to qualify my answer to this extent, that with regard to male learners, whenever we have found an apt male pupil, even under the present system, we have imparted such technical instructions as the limited time he remained in the school enabled us to do. As regards boys, the system for some time past has been a purely hand-to-mouth system, and our facilities have been exceedingly limited, but where, by distributing text-books and diagrams and so forth, we can improve the learners' knowledge, we invariably do so.

1854. Have you ever seen those beautiful penny handbooks upon particular subjects which are made under the Education Department at South Kensington, for the different subjects in the Museum; well illustrated handbooks for a penny?—I am not aware that I have; I may have seen the outside of them.

1855. Do not you think it would be easy to make simple diagrammatic handbooks, sold at a trifling cost, which would produce greater intelligence amongst the clerks in various offices?—I think it would.

Mr. *Goldsmid.*

1856. You stated the system with regard to boys was a hand-to-mouth system; you mean to say the demand for the boys is so great that you cannot supply it?—Yes: it has been so recently.

1857. They leave so fast?—I suppose that is the primary cause. The question is very much a question of pay. I should like to say I am decidedly in favour of what I understand to be the American system; that is, of having as few telegraphists as possible, of paying them as highly as possible, and making them work as hard as possible.

Colonel *Alexander.*

1858. Can a clerk patch up his instrument or put together a broken battery?—That depends upon where he is situated. For instance, in London the clerks are a quarter of a mile away from the batteries, or a very long distance, therefore there are no opportunities.

1859. Are most of the clerks capable of doing it, supposing it to be necessary; supposing there is no engineer near them; Mr. Scudamore, in his report, calls attention to the circumstance, and it is with reference to that I ask the question?—I think in small offices where the clerks are thrown pretty much on their own resources, they do that. At the large offices, especially in London, the whole apparatus is in charge of a separate staff, and the necessity does not arise.

1860. Is it true as has been stated, that sometimes clerks think themselves above any labour of that kind, that they do not think it worth their while to learn?—I should be sorry to think

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Colonel *Alexander*—continued.

that that was true. It is certainly not true of the special staff, several of the members of which are expert electricians and mechanics.

1861. Is it not the case that in the United States, almost all the clerks are able to put together a broken battery, or to patch up their instruments?—I should think that that was the case, but I cannot positively say.

1862. Most of the clerks are able to do it?—I should say so.

1863. Do not you think it advantageous that a clerk should be able to do so in the event of there being no engineer near?—Decidedly.

1864. And that they ought to be instructed in that?—I think they ought to be. If the Committee would allow me, I should like to supplement an answer which I gave to the honourable Member for Glasgow with regard to the question of Irish news. The honourable Member asked if I was aware that the whole of the Irish news

Colonel *Alexander*—continued.

was transmitted at Glasgow. I was not aware at that moment, but I am aware now, that the Irish news between 10 a.m. and 6 p.m. is transmitted at Glasgow.

Dr. *Cameron*.

1865. What provision is there for high class instruction of telegraph clerks; in these telegraph schools they are simply taught the mere rudiments of telegraphy and of manipulation?—Yes, with the exception I mentioned to the Chairman.

1866. You have nothing like a staff college for instruction in the higher branches?—We have not.

1867. Would not such an institution be very much more advantageous to the service than a mere infant school, so to speak?—Possibly it might.

Mr. Frederick Ebenezer Baines, called in; and Examined.

Mr. F. E. Baines.

Chairman.

1868. What position do you now hold in the Telegraph Department?—Surveyor General for Telegraph Business.

1869. How many years have you been in the postal service altogether?—Twenty-one years.

1870. And including the telegraph service?—About 28 years altogether.

1871. When Mr. Scudamore held the office of second secretary, what position did you hold in the telegraph service?—Head of the telegraph branch of the Secretary's office; principal clerk for telegraph business.

1872. The same as Mr. Patey now holds?—The same as Mr. Patey holds now.

1873. And now you occupy a new office which has been created, the office of Surveyor General?—That is so.

1874. Were you actively engaged in preparing the Bills of 1868 and 1869; the Telegraph Acts?—Actively engaged as assistant to Mr. Scudamore.

1875. Had you a good deal to do in the transference of the telegraph companies to the Post Office?—A good deal; I took a very active share.

1876. Perhaps you will explain generally to the Committee what is the nature of your duty as Surveyor General, so far as it has yet been defined?—I should state that so far my duties have not been formally defined, but that I take them to be, in a general way, observing the methods of conducting telegraphy throughout the country and reporting to the secretary any improvement or economy which may suggest itself to me.

1877. I presume you are intended to be the sort of "missing link" of the Post Office between the traffic and the secretary's offices?—I should imagine that that, to a great extent, was one of the main objects of my appointment.

1878. Would it be part of your duty, for instance, to consider whether there should be any change in circuits, and whether a town is of sufficient importance to have a direct communication with London instead of a transmitted communication?—I think that would be a part of my duty.

Chairman—continued.

1879. And also of re-arranging the circuits, in order to produce more economy?—Certainly.

1880. Can you give any instance of that, to show to the Committee what you consider your work to be; for instance, that which has lately happened in the Midland Counties?—In the Midland Counties I have been engaged, in concert with my colleagues, in so re-arranging the circulation of telegrams as to locally improve, on the whole, the communication, and to liberate sections of wires, which in the aggregate will enable us to provide a new and independent circuit between London and Birmingham.

1881. The cost of a wire to Birmingham would be about 1,500*l.*?—Approximately.

1882. What would be the revenue of that additional wire to the country, if you did add a wire from Birmingham to London?—If there were the traffic to carry, that wire would enable us, under the improved processes lately put into operation, to earn from 3,500*l.* to 4,000*l.* a year, and perhaps more.

1883. If I understand you rightly, your general function is to try and make a better and more economical service as regards the commercial work of the Post Office?—Yes, wherever opportunity offers.

1884. Have similar economies, such as you have alluded to with regard to the Midland district, been introduced in the London districts?—Quite recently very large economies.

1885. Will you explain the nature of them?—Limiting my remarks to the metropolitan system proper, and not in any way referring to the provinces, I should state that we are at this moment working out a plan of my suggesting by means of which the transmission of local messages at the district post offices is done away with, and direct transmission or communication in most cases with the central station taking the place of repetition at the intermediate points.

1886. Holding the important post you do of Surveyor General, I am desirous to ask you some questions upon the organisation generally; that organisation, as I understand it, is divided into two distinct divisions: first, upholding wires and instruments; and, secondly, the traffic, including the

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Chairman—continued.

the manipulation traffic of the telegraph offices, and the discipline?—That is so.

1887. These under the present system are completely separated, the one from the other?—Yes. The upholding of wires of which you speak is conducted by the engineering staff, and the manipulation of messages and the internal economy of the offices by the surveyors.

1888. In your opinion, is there any necessity for that divorce between technical knowledge and traffic?—Guarding myself by stating that it is purely my own opinion, and reflecting in no way, as far as I am aware, the opinion of my chiefs, I am of opinion that there is no sufficient reason for the divorce of which you speak.

1889. Is it your opinion, as I think it is the opinion of several previous witnesses, that it would be possible to uphold the instruments to a considerable extent in the offices themselves?—That is not a question to which I have given much consideration, but to a limited extent I think it might be possible.

1890. Does not that involve really more technical knowledge than the mere maintenance of the lines?—To some extent I think it might. On the other hand, the upholding of the instruments in the offices consists, to a great extent, in keeping them mechanically right, keeping them bright and free from dust; and I think that, to a limited extent, is already done by the staff in some offices though not to a large extent.

1891. You coincide in the opinion that it might be done to a much larger extent?—I should hardly like to commit myself to a decided opinion, but the feeling of my mind is rather in that direction.

1892. The postal surveyor is responsible for the traffic?—Undoubtedly.

1893. If the postal surveyor had the assistance of a well qualified technical officer, do you think that the maintenance of the ordinary working of the instruments could be done by the office?—Yes; that is my impression and belief.

1894. At the present moment the surveyor's and engineer's divisions are not in any way identical?—Not in any way.

1895. Is it not the case that surveyors now share the supervision of offices with more than one engineer?—Yes.

1896. The engineer going in for the maintenance?—That is so.

1897. Is it not also the case that the engineer at present did with offices of from two to five surveyors?—There can be only one surveyor in charge of an office. I rather took your former question to mean that at a given office under the charge of one surveyor two or three divisional engineers might have the right of access.

1898. Is not the engineering division so large that the divisional engineer, who is responsible not only for maintaining the wires but for maintaining the instruments inside the offices, sometimes overlaps five surveyors' districts; that is, he penetrates into them?—It is the fact that one divisional engineer's division does include the whole, or portions, of two or more surveyors' districts.

1899. And in one case of five?—That may be so, though I do not at this moment call it to mind.

1900. Is it not the case that surveyors all over the country deal with traffic on railway lines where there are railway offices sending traffic?—I think, as a matter of fact, the surveyors do not interfere, or have any control or supervision whatever, over railway telegraph offices, that is, offices maintained on behalf of the Postmaster General by the railway companies.

1901. Have the surveyors no charge of them at all?—I think not; I can see no way in which they would have charge of them.

1902. The whole of the messages are done by the railways without any control by the surveyors at all?—That is so.

1903. Is it not the case that the divisions at present are very arbitrary, and do not extend over any natural connection with wires to an office, for example, such as connects the metropolis; the divisional engineer has charge of the wires till they approach the metropolis, and then the metropolitan engineer takes charge of them afterwards?—As a point of fact, I think the metropolitan engineer takes charge of provincial wires only when they join the London street work, that is, the London underground work. I do not think the charge of the divisional engineer ceases the moment his wires impinge on the metropolitan boundary.

1904. You think it goes up to the basement of the Post Office?—It goes to the basement of the Post Office, or to the terminal pole where the London underground work joins the provincial wire.

1905. Or the over-head?—Or the over-head, that is my belief.

1906. How many surveyors' districts are there in England and Wales?—There are ten.

1907. You are aware that Messrs. Graves and Preece have proposed to divide the country into nine districts?—I have read a report which seems to contemplate something of that kind.

1908. Have you considered at all whether it would not be more reasonable, instead of having nine new districts, to have the ten surveyors as the unit for telegraphic supervision?—I myself am in favour of this:—That under any circumstances, whether the divorce you speak of be persevered in or not, the engineering divisions should, as far as possible, be identical in boundary with the surveyors' districts, whether the divisional engineers' districts contain one or more of the surveyors' districts.

1909. Might it not be possible so to modify the surveyors' districts as to get over any inconvenience as to the engineering district, so that they may become coincident?—Speaking chiefly as a telegraph officer, and always guarding myself by the statement that I do not presume to offer an opinion on purely postal matters, I think that it is possible.

1910. Have you paid much attention to the importance of obtaining swift telegraphy over the country?—I have.

1911. What per-centage of messages is sent in the ten minutes' limit?—The per-centage would vary very much with the local circumstances of each office, but I should say, in a general way, we have a per-centage of about 85 per cent. within the ten minutes' limit, though that per-centage rises to 90 and even 95 per cent. occasionally.

1912. Do you think that much economy could be obtained by giving some latitude with regard to the ten minutes in various cases?—I do not think any perceptible economy could be effected, and certainly no net saving, if one balanced

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Mr. *F. E. Baines.*

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Chairman—continued.

balanced the probable loss of revenue due to less swift transmission, against any possible saving arising from the course you describe.

1913. Have you ever made any estimate as to what is the cost of a telegraphic message?—Yes, on several occasions I have made rough estimates.

1914. What would you say was the cost?—I do not think that the actual cost to the Post Office for clerk force in handling a telegram can possibly be less than 4 *d.* I think 5 *d.* probably is nearer the truth, and in some instances, no doubt, it might be put at a higher figure.

1915. If that is your opinion you do not hold out much hope of a sixpenny telegraph all over the country?—Being one of those who, many years ago, were advocates of a sixpenny rate, I still look forward to that happy consummation, but I should think it is a thing which is remote.

1916. You must introduce large economies in the working before that can be achieved?—We must do that, and we must hit upon some less costly processes of telegraphy.

1917. We have been told that there are a great many busy hours and idle hours during the day for the Post Office clerks; have you any suggestion to make as to the important problem of adjusting staff to work?—It is an extremely difficult problem, and any suggestion I can offer would at present be very crude. It is a great difficulty so to adjust the clerical force to our wants that we may have abundant means of working messages off with rapidity during the busy hours, and yet have no surplusage of force in the less busy hours. In one or two cases we have tried an experiment, which, I think, may answer very well, aimed at that difficulty, but I am bound to say that in that case it rather aims at the difficulty which is touched on in previous evidence, of adjusting the force to the abnormal pressure of summer traffic, as distinguished from the less active requirements of the winter traffic.

1918. Would it not be possible, for instance, to use more automatic instruments under the pressure of a few hours, and other instruments at other times?—It would be possible, but the result, I think, would hardly be what would be expected. The extended use of automatic instruments has the general effect of increasing the capacity of wires, not of dispensing with clerks' services.

1919. The automatic instrument requires more clerks to use it?—Relatively, I should think it does.

1920. Would it not be possible to take over those automatic instruments, disconnect them, and use them for other purposes; for instance, when the evening came, for press messages, and the like?—We do that to a great extent already.

1921. You did not state what your plan was; you have not matured any plan?—No, not yet. I have it in view, but the plan I have in view is one that aims at balancing the pressure of summer against the dulness of winter, rather than the pressure of the middle of the day against the earlier and later hours.

1922. That is not sufficiently matured to state to the Committee?—Not yet.

Mr. *Sclater-Booth.*

1923. You spoke just now of the net cost of a telegram being 4 *d.*: did you found your estimate upon the assumption that the whole time of the employés was fully occupied, or actually upon the employment of their time?—If the Committee will allow me, I will give the elements of my computation. They are very few and simple. I find by experience that dividing the number of messages at any office throughout the country into the total cost of that office for clerk work, the result rarely, I may say never, brings out the fact that each telegram costs less than 1 *d.* As a matter of fact, each transaction usually costs about 1¼ *d.*, and where the offices are working at an average cost of 1½ *d.* we are fairly content. Then it is a fact that every message is transmitted on the average once, it undergoes repetition on the average once at some intermediate point. That repetition involves two transactions, so that the cost at the repeating office would appear to be twice 1¼ *d.* Then again we have the cost of the message at the office of delivery, first the manipulation of the message, which would add another 1 *d.* or 1¼ *d.* to its cost; and finally, the cost of delivery by messenger, which is rarely less than 1 *d.*, and frequently more. These four items, at the very lowest averages, come to, say, 5 *d.*; then I throw off something for the possibility that the clerks are not fully occupied, and still I feel I should not be justified in naming a lower sum than 4 *d.* as the actual minimum cost of handling a message.

1924. Your answer is to the effect, that you have taken into account in your calculation what the cost would be on the assumption that the time of all the employés was fully occupied?—I have taken as the basis of my calculation the actual cost of telegraph offices.

Mr. *John Holms.*

1925. Does that include also the interest on capital?—No, it does not include office rent and expenses, or the maintenance of wires, or the general supervision of the system. It simply represents the actual cost of clerical labour in handling a message and in delivering it by special messenger.

1926. Have you formed any estimate in your mind as to what the cost would be of each message in the same manner, taking the interest upon capital and depreciation, and the cost per office?—No. I imagine that can be got if it were required, by dividing the total revenue derivable from messages, or the total number per annum, into the cost of the service as shown by the estimates, plus the interest on capital.

1927. You have not done so?—No.

1928. Have you anything to do, or had you anything to do, when you were in the position of Mr. Patey, with engaging any officers or others in the employ of the postal telegraph service?—Yes; the whole of the papers until a very recent date concerning appointments were dealt with in the telegraph branch in which I was subordinate to Mr. Scudamore.

1929. Have you any forms of engagement?—Yes. To the best of my recollection, some little time after the transfer, I do not recall the exact date, the actual process of engaging people and testing their qualifications was transferred to the appointment branch of the secretary's office.

1930. There is an appointment branch now?—There is.

1931. Who is at the head of it?—Subordinate to the secretary, Mr. Freeling Lawrence.

1932. He

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Mr. *John Holms*—continued.

1932. He could give us the best information?—I think so.

Mr. *Watney.*

1933. If I understood you, the cost of a wire from London to Birmingham is about 1,500 *l.*?—The distance is about 115 miles, and the cost roughly per mile per wire is about 10*l.* or 12*l.*

1934. What would the maintenance of that wire be per year?—I should explain that there are two or more routes to Birmingham. If the wire were carried on the poles of the department it would cost, I suppose, about 1 *l.* a mile. That would be say 115*l.* or 120*l.* a year for maintenance. If it were carried on the poles of the London and North Western Railway, the actual cost of maintenance would be augmented by wayleave, and I think there the rate would be 2*l.* 5*s.* per mile, or about 250*l.* a year.

1935. And the working expenses of that wire would be, what?—It would depend upon the number of clerks employed at either end.

1936. Supposing it were fully employed?—Fully employed during 12 hours, I should say about four clerks or perhaps five at either end, including reliefs; I should prefer to say 10 clerks altogether.

1937. Which would cost what?—I think we may put their pay down, on the average, at something a little above 50*l.* a year each; 60*l.* a year.

1938. £.600?—£.600.

1939. And that wire, fully worked, could earn 3,800 *l.*?—I think so.

1940. Does that work out that your message would cost 4*d.*?—I have not followed out the calculation. You must superadd to that the cost of dealing with a given message at other stations. The cost of working a wire between London and Birmingham does not represent the whole cost of transmitting a message from London to Birmingham.

1941. Not if you have a wire straight through?—No.

1942. What are the other expenses?—The expenses of collection at the one end and delivery at the other. The wire you speak of would work from the central telegraph station in London, St. Martin's-le-Grand, to the Cannon-street telegraph office, in Birmingham; and you have yet to calculate the cost of collecting a message, say, from the lobby of this House, and conveying it to the central telegraph station, and on its arrival in Birmingham, of delivering by special messenger.

1943. Which would, possibly, double the number of clerks?—There would be three stages in the transit of any given message, of which the transit from the London central office to the Birmingham central office would be one stage.

1944. It would treble the expense?—Yes, speaking generally.

1945. Do you think it would lead to a large increase of business, supposing that the cost of a telegram were reduced; if you could not reduce it to 6*d.*, say to 9*d.*?—Every reduction of the telegraphic rate would lead to a large increase of business; because my experience has been that not only do persons send more messages when the charge is less, but every reduction brings a fresh class of traffic; brings into play a new source of revenue.

1946. You might see your way clearly to work

Mr. *Watney*—continued.

the telegraph at 9*d.* a message, instead of 1*s.*?—If the difference between 5*d.*, the assumed cost of a telegram, and 9*d.*, is sufficient to defray all the other working charges not included in the 5*d.*, to pay the interest on capital, and to redeem the loan, I should say, Yes.

1947. You have no interest to pay on capital?—The Post Office telegraphs are expected to earn a revenue which shall pay interest on 10 millions of capital.

Colonel *Alexander.*

1948. I think you have travelled in the eastern division?—Yes.

1949. Will you give the Committee the result of your observations with regard to that division?—Will the Committee be pleased to say in what respect?

1950. Is it different from any of the other divisions in any way?—In no way, except that the engineering arrangements are administered by an officer of the Royal Engineers.

1951. In your opinion, has the employment of the Royal Engineers created any special difficulties in the conduct of duties and correspondence in the secretary's office?—Not specially. I think there is always an inconvenience in having to deal with officers in high position, who own a two-fold allegiance, as is the case with an officer of the Royal Engineers, that is, to the War Office, and the Postmaster General.

1952. Has not the Telegraph Department been relieved of all labour in connection with the increase and decrease of salaries as far as the eastern division is concerned?—I should think it has been relieved of a certain amount of work in that respect, inasmuch as questions affecting the discipline and pay of the Royal Engineers are dealt with more by the officer of the War Office than by the officer of the Postmaster General.

1953. In the same division you have nothing to do, so far as regards dismissals for inefficiency or punishment for misconduct?—I think not.

1954. And in that way you are relieved of a good deal of labour?—No doubt.

1955. Is it within your knowledge that the War Office has ever asked the Post Office to carry out a system of military clerks?—Yes.

1956. A communication was made, I believe, by the War Office to the Post Office upon that point?—That is so.

1957. Can you tell me about what time that communication was made?—The correspondence with them extended over a long interval of time. The final act of that correspondence, so far as I can recollect, was in the spring of 1874.

1958. Was not the proposition of the War Office couched in the following terms:—"To enlist telegraph boy messengers into the corps of the Royal Engineers, with the view of employing them as telegraph clerks under the Post Office in time of peace, and in military service in time of war"?—So far as my memory serves me that is a correct version, or at any rate the substance of their communication.

1959. Can you tell the Committee what steps were taken to carry out that proposition of the War Office?—The Postmaster General appointed a committee to consider the whole question. That committee assembled, and made their report; since when we have heard nothing of the matter.

1960. You do not know whether the Postmaster General organised any system for the

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Colonel *Alexander*—continued.

enlistment of messenger boys in the Royal Engineers?—The Postmaster General organised no such system within my knowledge.

Mr. *Sclater-Booth.*

1961. Were you a member of the committee?—I was.

Colonel *Alexander.*

1962. But they drew up a scheme, did not they, for the enlistment of telegraph boys?—I am not sure that it was messenger boys; they drew up a scheme for the enlistment, as military signallers, of clerks or other officers in the Postmaster General's service.

1963. I have the report of this committee, and it states that the scheme was for the enlistment of boy messengers as military telegraph clerks? If that is so, my memory is at fault.

1964. Do you know that a committee drew up a report, signed by Mr. Godby, expressing a favourable opinion of the proposal to enlist messenger boys with the view of instructing them in telegraphy?—A report was signed by Mr. Godby, chairman of the surveyors of the Post Office, who acted as our chairman on the occasion of the meeting of that committee, and that Report, if I remember rightly, did contain specific recommendations.

1965. Can you explain why the proposal of the War Office was not carried out?—I cannot.

Mr. *Ripley.*

1966. I think you said that your office of Surveyor General is of recent origin?—It was created in August of last year.

1967. Up to the present time your special duties have been to look into the question, and to see how far the present wires and other apparatus of the telegraphic department can be economised and utilised so as to produce a better effect, other, I mean, than the instruments?—That is so.

1968. You stated that your especial attention has been directed very recently to setting free a wire which will give an additional communication with Birmingham and London, in point of fact?—I merely mentioned that in reply to the Chairman's question as an illustration of one of many cases.

1969. Is it part of your duty to visit various places?—I consider it to be so.

1970. Have you, up to the present time, made many of these visits, or have you been principally retained in London?—Previously to my appointment I travelled over the whole of the United Kingdom twice or thrice; since my appointment in August last year, I have visited a great number of towns in England.

1971. You stated, I think, that a wire of that kind between London and Birmingham might realise a revenue of 3,500 *l.* to 4,000 *l.* per annum?—That is my opinion.

1972. May I ask whether you mean that as the full power of the wire, or the amount which might be realised on the average of the wires?—I mean that is the probable power of the wire.

1973. If it were kept in full operation?—Yes.

1974. Not that it is the general average value of each wire, say as between London and Birmingham?—I think I must answer the last question in the affirmative. Although I have no

Mr. *Ripley*—continued.

figures by me to prove the exact earnings of the London and Birmingham wires, my impression would be that over those wires there pass at this moment the messages which represent the annual income you have mentioned.

1975. That would mean that those wires were kept in continuous and full operation?—As a matter of fact, during certain hours the London and Birmingham wires are kept in full operation.

1976. We have it in evidence that between 10 and one o'clock, and again at night, those wires were in full occupation, but there were many hours when a great deal more service might be obtained out of them, if there were messages to be sent?—Speaking, subject to correction, I should say in this particular case of the London and Birmingham wires from 10, or at any rate 11, o'clock in the morning, until four, and possibly five in the afternoon, they are continuously and fully occupied. That those wires are capable of transmitting more messages under exceptional and special pressure, I daresay is the case.

1977. In speaking of the office of surveyors of districts, with reference to a question asked by the honourable Chairman, it was suggested whether the surveyors of districts might not, in point of fact, do the duty which is now done by your district engineers. By the surveyors of districts, I apprehend you mean the postal surveyors?—Yes.

1978. You spoke as to your opinion that 4 *d.* was about the average cost of a telegraphic message at the present moment sent from the country?—I would rather say it is the minimum than the average cost; every message on the average would cost at least 4 *d.*

1979. In answer to another question you said, that you saw therefore very little hope of your own idea being realised for some time to come, that the 6 *d.* telegrams might be carried out?—I am sorry to say that that is my opinion.

1980. Has your attention ever been turned to the question of the desirability of giving greater facilities for repeating telegrams at a cheaper rate, so that parties might have greater confidence that the messages had been delivered correctly; in other words, do not you think that if greater facilities were given, although it might not be safe to reduce the cost, say from 1 *s.*, it would be to the advantage of the Post Office, and also give greater facilities and better confidence to the public, if repeat messages were allowed at a much lower rate than at present, and that that cost would not be anything like the amount of a single message; it would not double your average of the cost?—I am not quite clear as to the true meaning of the term "repeat messages," whether the honourable Member means messages to be repeated back from the office of destination, or whether he means "replies."

1981. I do not mean replies; simply repeat to ascertain that the message has been transmitted correctly?—I am happy to say such is the confidence of the public in the Post Office administration, that they would avail themselves very slightly of such a privilege.

1982. Suppose they did avail themselves of it, could these repeat messages be given at a very much lower cost than the average or the minimum rate of 4 *d.*?—Provided that the repetition commenced merely from the office of destination and came back to the office of origin, and did not involve

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Mr. *Ripley*—continued.

volve any extra service at either end by messenger. I think we could accept such messages at a lower rate than 1 *s.*

1983. Seeing that since last autumn your attention has been turned to the question of utilising to the utmost the wires in existence, has your attention been turned to the desirability or otherwise of connecting large towns, especially all the district Post Offices in those towns, for the purpose of facilitating communication in all directions through our large towns?—That question, I think I may say, has been considered in connection with the general municipal arrangement of large towns, but no experience that we have gained has inclined us to favour that system; and in London, after an experience of some years, we are just going on the contrary principle.

1984. May I ask what is the contrary principle?—In London, until recently, the district post offices, and many of the large branch offices, were connected with each other, so that messages might pass between them without the messages passing through the central telegraph station in St. Martin's-le-Grand, and we found by experience that the results derivable therefrom were not commensurate with the expenses involved in maintaining them.

1985. Whether that was done in the way suggested by direct communication from district office to office, or from each district office to one central point, might not messages of that kind, at any rate, be transmitted at a 6 *d.* rate and pay the Post Office exceedingly well, although over the general surface of the country a 6 *d.* rate would not be safe; might not a 6 *d.* rate give great convenience to the public, and at the same time add very materially to the revenue of the Post Office?—If I follow the question rightly, that means a local or 6 *d.* rate in large towns?

1986. Yes?—I readily admit that the shorter the wires by which these messages are transmitted the less is the cost of transmitting, and therefore a 6 *d.* rate which would entail a loss over the whole system would possibly entail less loss as applied to large towns; but no data at my hand, and no experience which I have yet gained point to the fact that even in large towns, under the circumstances just described, would a 6 *d.* rate be remunerative.

1987. But you have had no experience; it might be a question whether it was worth trying?—The only experience I can adduce is, the very small results of 1 *s.* messages in the large towns, with the sole exception of London.

1988. Where 50 would pay 6 *d.*, not three would pay 1 *s.* Have you had any experience with regard to the pneumatic tubes in operation in London and other large towns?—A general experience.

1989. Can you give the Committee any idea as to the relative cost of transmitting messages through those tubes from a central office to the district office as compared with the system which I suggested just now?—I could not give the Committee any reliable information on that point; it would be merely conjecture, and I am not sure I can give that. I may mention this fact, that when the pneumatic system was extended from the Central Telegraph Station in the City to the branch post office at Charing Cross, it was computed that the services of a large number of clerks would be dispensed with, and, so far as I remember, the pay of those clerks would be in excess considerably of the cost of obtaining the pneumatic service.

Mr. *Ripley*—continued.

1990. Possibly, in our large towns, if such a system as I suggest were carried out, the pneumatic system might be the best one to adopt in limited distances?—I fear that a pneumatic system in large towns, to be remunerative, could be extended only to a very few points, and I apprehend the essence of success of any local system in large towns would be the multiplicity of points at which the communication would touch.

1991. You are aware that some of the countries of Europe have recently made some changes in their telegraph system, and especially in the charges; are you at all acquainted with the mode in which the Germans have been proceeding to reduce to a very large extent the cost of transmitting messages?—From a paper which came under my observation last year, I perceive that the German Government are about to amalgamate the functions of engineer and postal supervisor.

1992. I was not referring to the arrangement in the offices, but to the cost of transmitting messages?—I am not able to give evidence, or express an opinion upon that point.

Dr. *Cameron.*

1993. In reply to the Right honourable Gentleman, the President of the Local Government Board, I think you stated that your computation as to the cost of handling a telegram being 4 *d.*, was based on the supposition that the wires were fully occupied. It struck me that you did not give the answer which accorded with what you had previously said, and I will ask you a question to make the matter clear. Is your calculation as to the cost of handling a message being 5 *d.* or 4 *d.* based upon the actual ordinary average fulness of the wires at present, or upon what might be the case if the wires were fully occupied?—The condition of the wires, whether full or empty, has not entered into the calculation which I have submitted.

1994. It is the actual cost under the present system?—It is the actual cost of clerks at a given office, divided by the number of transactions which those clerks deal with.

1995. With reference to the occupation of wires and clerks, I think you said that the wires from Birmingham to London would be occupied from about 10 or 11 in the morning to three or four in the afternoon?—Speaking from general impressions.

1996. I imagine that your impression is wrong, unless you can explain to me a very striking difference from the results of that impression in the case of another town, and that town is Glasgow; in Glasgow I know the number of messages is 1,200 per day; there are four wires, I find from this tablet check, and I find from an answer given me by Mr. Graves, that a Wheatstone will send 100 messages per hour, or a Bain up to 150 messages per hour; that would give for the wires between London and Glasgow, taking each of them as only capable of transmitting 100 messages per hour, three hours' work?—I should say that an average of 100 messages per hour for the Wheatstone, and 150 for the Bain process, unless indeed they were very

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Mr. *F. E. Baines.*

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Dr. *Cameron*—continued.

very short Stock Exchange messages, would be a high average.

1997. The actual working results between Glasgow and London are 100 to 120 messages per hour?—I am not able to say.

1998. If that is the case, Mr. Graves' estimate as to the wires and staff being only fully occupied for three hours a day, appears more likely to be accurate than yours as to their being occupied for five or six hours?—I should still even in the face of those facts, assuming that they be facts, adhere to the opinion that in a general way the pressure of telegraph business is from 10 or 11 in the morning until three or four in the afternoon, and that taking an average of those hours, the clerks and wires are fully occupied.

1999. It is a fact, that not only are the messages not equally distributed through the day, but that on Saturdays there are very few messages, is it not so?—I think the forenoon of Saturday is busier than the average of forenoons of other days, but the afternoon of Saturday is far below the average.

2000. So far as the carrying capacity of the wires is concerned, it was given in evidence that it was practically unlimited, do you agree with that?—I do not.

2001. I have in my hand a return which has been handed to me to day, in which a letter appears from the Right honourable Gentleman the Chairman of this Committee, stating that he recollects the success of a certain experimenter in sending 500 words a minute by the Eddison system, have you heard of that?—I have heard of the Eddison system.

2002. Do you know anything of the chief engineer's report regarding it?—I have but a very slight knowledge.

2003. You do not know his opinion, of course, as to the carrying capacity of the wires?—I have some recollection of the engineer's report on the particular apparatus you have just referred to, although I do not now bear in mind the terms of it.

2004. The inventor of this instrument asked for leave to make a trial under certain conditions, and the engineer in chief, Mr. Culley, made an answer to his application; will you read to the Committee the closing words of that reply?—The closing words of the reply put into my hands are these, "but I cannot recommend that the use of the wires should be granted simply for trade purposes, for in my opinion the department already possesses apparatus for rapid transmission, which will meet the postal needs for some time yet to come; had we really any interest in trying the invention, the use of the wires would assume a different aspect," signed R. S. Culley, dated 20th April 1876.

2005. From that it appears that Mr. Culley is of opinion that the department already possesses an apparatus for rapid transmission which would meet the postal need for some time to come; we have been told that the wires are very fully occupied during a certain brief period of the day, varying, you put it, at from five to six hours?—I should put it generally from 10 o'clock to four or five, a little less busy between 10 and 11, than between 11 and 12, but generally at that limit.

2006. Mr. Graves put it at three hours; there must be a great number of messages, do you not think, which are not of very great urgency and which can afford to be deferred?—There may be some which would come within that class, but I should imagine that they are few.

2007. Do you know how long it takes to communicate by post between Glasgow and London, Liverpool, or Manchester?—Between Glasgow and London, the transit of the mail train would occupy about 10 or 11 hours.

2008. Supposing I received a letter in Glasgow on Saturday morning at 10 o'clock, and wished, in consequence of that letter, to communicate with London and to receive a reply by post, have you any idea how long it would take for that process to be carried out, and for me to get the reply?—If you write from Glasgow at 10 o'clock on Saturday morning, I should imagine you would receive a reply by post on Tuesday morning.

2009. That is to say, it takes three days for postal communication at the end of the week between Glasgow and London?—That may be so.

2010. The same is the case between Glasgow and Manchester, and Glasgow and Liverpool, and it must be the case with a great number of other towns?—Not to the same extent between Glasgow and Manchester, and Glasgow and Liverpool. I am not able to depose to the fact, but I should say that a letter posted in Glasgow on Saturday morning might possibly produce a reply by Monday morning.

2011. As a matter of fact it cannot, as it does not reach London till Sunday morning, and there being no delivery on Sunday, the matter has to lie over till Monday, and no reply can come by post till Tuesday, and the same is the case with Manchester almost to an equal extent, and all the large towns in the kingdom?—I do not know that of my own knowledge, but I accept it from you.

2012. If a letter is posted in Liverpool on Saturday afternoon, say at midday, what time does it get into London?—I am not able to speak of my own knowledge, but it would no doubt be late on Saturday night.

2013. Probably not in time for delivery at a place of business?—No.

2014. In that case the answer could not arrive in Liverpool till after business hours on Monday?—Those are postal facts with which I am not very familiar, but I can conceive it is possible that a letter posted in London early on Monday morning might be delivered in Liverpool on Monday night.

2015. The fact I wish to bring out is this, that towards the end of the week communication with London by post is a very slow process, is it not?—It is slower than at other times.

2016. Assuming it to take three days to send a letter and get back an answer in the case of Glasgow, and two and a half days in the case of Liverpool and Manchester, and probably the same in the case of the principal towns in the kingdom, is it not a slow process?—No, I do not think it follows.

Chairman.

2017. Does it not arise from the circumstance that the Legislature has said that there shall be no postal communication from London on Sunday?—I think it is partly due to the fact that the addressee of the letter is not at his office on Sunday morning.

2018. Assuming

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Dr. *Cameron.*

2018. Assuming it to be a fact that it takes three days to communicate by post, are there not very many cases in which it would be a great convenience to a man by means of a deferred telegram, which might be delayed three or six hours, to communicate with London on the same day?—I can quite conceive that there are cases where swift transmission is of less importance to the sender of the message than in other cases; but I cannot imagine any case in which a person would prefer to have his telegram delayed.

2019. No person would prefer it if he paid the same, but do not you think there are many instances in which a man would prefer to have a sixpenny telegram sent, if he could get it sent, even at the cost of a few hours' delay?—I am very doubtful on that point; I should rather be inclined to offer the opinion, if such be within the legitimate terms of an answer, that a person would prefer to pay a shilling and have his telegram sent quickly than pay sixpence and have it delayed.

2020. Does that accord with the experience of the old companies?—I am not able to testify to the recent experience of the old companies.

2021. The old companies had express messages, and, as a matter of fact, were not those express messages extremely few?—I learn for the first time that the old companies had express messages.

2022. You replied to the honourable Member for Bradford, that the public had such confidence that they would not repeat the messages, or very rarely?—That is my belief, founded on the fact that there are already facilities for repeating messages which are very rarely availed of.

Chairman.

2023. Is it not the fact that a message may be repeated for sixpence?—For a half rate.

Dr. *Cameron.*

2024. There is a very considerable number of mistakes in messages, is there not?—Not a considerable number.

2025. One hears many complaints, but the public prefer to take the risk of mistakes rather than pay the extra sixpence?—It would appear to be so.

2026. Therefore the public thinks a good deal about sixpence?—Our experience in postal telegraphy has not shown that they attach that importance to sixpence.

2027. In postal telegraphy there has been an immense increase in the number of messages sent?—There has.

2028. There was simultaneously a very great reduction in the prices of messages sent?—A great reduction on the average, but in some cases an increase in the prices.

2029. Simply in the metropolitan district, and there it was more apparent than real, the charge for porterage being done away with?—Quite so.

2030. So that in no case, actually, was there any increase in price worth speaking of, and in the large majority of cases there was more or less reduction?—In the light you put it, quite so.

2031. That caused an immense increase in the number of messages sent?—That and additional facilities.

2032. At the commencement of the telegraph system, was there not a great breakdown for a long time?—There was at the commencement more or less confusion or delay.

2033. So far from additional facilities, there were additional obstacles?—There were both together.

Dr. *Cameron*—continued.

2034. That breakdown was caused by the increase of messages?—Not altogether.

2035. To a great extent?—Yes, but by no means to that extent alone.

2036. So that at the commencement, the messages increased simultaneously with the reduction of price, and in spite of the obstacles?—Yes.

2037. A reduction of price, even combined with an inferior service, in that case brought about immediately a large increase in the number of messages; the public will not pay extra to secure accuracy, and it did not in the case of the old companies avail itself of the privilege of express messages; if that be so, does it not appear that a number of persons would save half the cost per message, at the cost of a little possible delay?—No, I do not agree in that. The increase of messages which took place under the reduced rate was in spite of the delays, and not that the sender of a shilling telegram knew that delay was before him. He sent his shilling telegram in the full expectation that it would be transmitted with good despatch, and no doubt had those delays which continued for a short time prevailed altogether, that rapid growth of business which did take place would, in my opinion, have been arrested.

2038. I do not think we are considering the same point exactly. I do not propose at all to retard messages sent under the present system, but if you were to offer an additional facility, to propose that any person paying a shilling for his message should have it sent with but the small delay at present sanctioned, and any person not caring for rapid transmission could make way for those pressing messages at the cheaper rate; do you see any objection to that?—I do. In the first place, in my opinion, as a practical officer, such an arrangement could not be carried out. I can see no way in which it could practically be effected, putting aside questions of fiscal results. I do not see how the slow service which you contemplate is to be separated from the swift service. Then again, although I fully admit that there are some cases in which a person would say, "Provided this telegram is delivered in two hours I shall be content," and therefore would willingly pay sixpence where he would not pay a shilling, yet I do not see how we could distinguish between those two classes of telegrams, nor how we could assign a limit of time to either.

2039. You say you cannot see how messages can be separated into two classes, swift and slow; are you aware that it is done to a certain extent at present?—I am aware that continuing the practice initiated by the old telegraph companies, we have in some instances set aside a number of wires for the service of a particular class of people.

2040. The Stock Exchange?—Yes; but I am not aware that any stipulation, or even understanding, exists between the department and the members of those bodies, in regard to the time to be occupied in the transmission.

2041. Are you aware that when a division takes place in this House all the ordinary work on the news wires is suspended, and that division is telegraphed before anything else?—I am not aware of that.

2042. The transmission of news messages is a much

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Dr. *Cameron*—continued.

much more complicated affair than the transmission of ordinary single messages, is it not?—A news message is a little longer, but not necessarily more complicated.

2043. Is it not sent to a great number of addresses?—Not necessarily. Perhaps, as a rule, it is so, but private messages are sometimes sent to as many addresses as press messages.

2044. Very rarely?—On the contrary, multiple messages, as they are called, are very numerous.

2045. All press messages are sent to a great number of addresses, and the great majority of private messages are sent to one address?—A great many of the press messages are sent to numerous addresses, and, as a rule, private messages are sent to one address.

2046. Even according to your estimate of the work done, we should have the wires and the clerks very nearly unoccupied for 18 hours out of the 24?—The wires would be unoccupied, but not the clerks, because the force of clerks would be reduced and attenuated in proportion to the reduction of business in the slacker hours.

2047. The clerks take eight hours a day, do they not?—They do.

2048. If you have only got them occupied for six hours, you must have the maximum force two hours idle?—The duties are so arranged as to overlap slacker times, so that although a clerk who is on duty eight hours would be only fully occupied at one circuit for six hours, yet during the remaining two hours he would probably take the control of two or more wires, or possibly so.

2049. According to these tablet checks, we saw that a great number of circuits transmitted very few messages; here is one that carried only 27 messages, and there are many which appear to have done even less than that number?—That is so.

2050. How many instruments of that insignificant sort would a single clerk take charge of?—It depends mainly on the number of messages passing over each circuit, and the number of offices which each circuit connects; but taking insignificant circuits, carrying 15 or 20 messages a day, I dare say one clerk could look after two or three.

2051. That would give a clerk 60 messages a day to get through?—Yes.

2052. And a man with an ordinary Morse instrument could get through 40 messages per hour?—I should call that a high average, but no doubt it might be so.

2053. So that the clerk superintending those three instruments would not have more in the way of transmission to do than he could get through, say, in a couple of hours?—Probably so.

2054. Therefore the rest of his eight hours would be pretty well unoccupied?—He would probably be a junior clerk, whose services would be of less money value; and no doubt it is the fact that his time would be less fully occupied than that of his more experienced colleagues.

2055. Under the old companies, I understand that an experienced clerk had charge of what is called a section, a number of circuits?—That is so under the postal service.

2056. To the extent of two or three instruments?—I cannot speak from my personal knowledge on that point, but it would depend on the importance of the circuits, the number of messages, and so forth.

2057. I see in the Estimates one or two items as

Dr. *Cameron*—continued.

to which I should like a little explanation; there is porterage paid out, 30,000 *l.*; what does that include?—That is a new item in this year's estimates. Formerly it was the practice for the postmaster, as indeed it is now, to pay out a certain sum for the delivery of a message by special messenger when the distance exceeded a certain limit. Heretofore that expense was not provided for by a vote of Parliament, but now, for sufficient reasons, it forms an item in the Estimates.

2058. It then does not include these charges for delivery which I see under Sub-heads F and G, of a halfpenny, a penny, and three farthings?—No.

2059. There appears to be great diversity in the payments of messengers?—Not a great diversity, but still some diversity.

2060. I find a number of "corporals" estimated for; what do they do?—They are in the nature of junior supervising officers, and they are ranked as corporals, mainly for the purpose of giving them a status among the boys, and giving them 2 *s.* a week, which a corporal's stripes carry.

2061. Do they deliver messages themselves?—As the exception rather than the rule.

2062. The cost of the inspection of boys in the central office, varies from 11 *d.* to 1 *s.* 8 *d.* per week, or three or four times the cost of inspection per boy in the country?—I am not able to speak to that point.

2063. Should you be astonished to hear, that in Glasgow three inspectors inspect 160 boys?—I should not be astonished to hear that any economical and good arrangement is at work in Glasgow.

2064. You would consider that a very economical amount of inspection?—Yes.

2065. As to the cost of stationery, one is referred to the estimates of the Stationery Office, but what I want to get is, the cost and number of A forms issued to the telegraphic office?—I think the storekeeper of the Post Office could give you any particulars of that account which the Committee desire.

2066. As to the question of overtime, what are your opinions on that point; you forbid overtime, I understand, in the Post Office?—In the telegraph branch not absolutely. I think there was only one case in which it was absolutely forbidden, and that was a condition on which a revised establishment was granted.

2067. I understand that in many of the offices the staff maintained is obliged to be that which can get through the greatest amount of work sent in at the busiest time?—The arrangements of all provincial post offices must provide for the due dispatch of the greatest amount of work at the busiest time.

2068. Therefore they are obliged to have a staff which during 11 months in the year is excessive?—No; the busiest time of telegraphy extends over more than one month; it would extend, I should think, perhaps over four months.

2069. Take it at four months, they are obliged during the slack eight months to keep on the number of hands that can dispose of the business of the busiest month of the busy four months?—That, as I stated before, is one of the problems of telegraphy which we are endeavouring to solve, but have not yet completely solved.

2070. Would not the admission of overtime to a certain extent, help you to solve it?—To a certain extent; on the other hand, there are many weighty

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Dr. *Cameron*—continued.

weighty objections to overtime if it can be avoided.

2071. You spoke of new inventions not increasing the working capacity of a clerk; the key Morse is an exception to that, is it not?—I think not.

2072. A single clerk, without any punching, can do 60 messages per hour on a key Morse, according to the Belgian report?—I am not aware of any clerks in the service who, as a rule, would be able at the key Morse to send 60 messages per hour, unless they were short messages.

2073. I should have said Siemens' patent key Morse; it is worked on the piano principle?—I am not familiar with the instrument referred to.

2074. Does the proportion of high paid clerks in the different offices throughout the country come under your department?—Yes, to this extent; that upon any revision of a provincial establishment, it is the invariable practice to refer the proposals of the surveyor to me for observations.

2075. On looking over the Estimates, I find that the proportion of clerks at and over 130 *l.* per year is, in Liverpool, one in 11; in Birmingham, one in 22½; in Bristol, one in 20½; in Leeds, one in 34; in Manchester, one in 16; in Newcastle, one in 32; in Southampton, one in 13½; in Edinburgh, one in 15; and in Glasgow, one in 20; is there any explanation of that discrepancy?—Those discrepancies have not yet come under my observation, and without investigating the details on which the calculation has been made, I should regret to offer an opinion.

2076. In these Estimates I find that in Birmingham there are 18 temporary writers?—That may be so.

2077. Have you any idea what their duties are?—Being lately in Birmingham, in the course of inquiries upon general matters, I made some inquiries as regards those men, and although I do not bear in mind the exact number, yet I find that temporary writers were employed in matters of record and copying, not necessarily in telegraphic processes.

2078. Are they doing the work for the postmaster?—No, they are doing the work of a telegraphic office, in those respects in which manipulation is not concerned, that is to say, they are engaged in arranging and sorting messages that have been sent in their proper order, in keeping records, abstracts, and so on.

2079. What are probationers?—I take it they are those who are on trial, and not yet placed on the establishment of the Post Office.

Mr. *Goldsmid.*

2080. Have you directed your attention to the question of possible economy in the management of the department?—Yes, I have considered it in a general way to be part of my duty, and have reported from time to time.

2081. Could you give the Committee your views with regard to possible economies?—I think economies generally are practicable throughout the country in the shape of reduction of staff, due to the fact that during the last year or so we have simplified the processes considerably.

2082. Therefore you think considerable economy may be exercised in the way of reduction of staff?—I think so; either in the way of not filling up the vacancies which exist, or diminishing the staff as opportunity arises.

Mr. *Goldsmid*—continued.

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2083. Can you give any reasons which, in your opinion, account for what I would call the overgrowth of the supervising staff?—I am not quite satisfied in my own opinion that there is an overgrowth of the supervising staff, but if that be so, I should attribute it to the fact, that at the outset of telegraphy we made strenuous exertions to bring the transmission of telegrams within well-defined rules; to enforce discipline and improve processes, and that in the then condition of the wires was only possible with a strong supervising staff.

2084. You think that is the reason why the proportion is so much greater under the Government than it was under the old companies?—If the proportion is greater, that no doubt would be the cause.

2085. Unity of management, as a rule, is of course of great advantage?—I should say of the greatest advantage.

2086. In your opinion, would it not be of great advantage if the duties of surveyor and district engineer could be amalgamated in one person?—Giving it purely as my opinion, I am of that opinion.

2087. Of course, always provided that either that person had proper technical knowledge and intelligence, or had an opportunity of referring to a suitable technical officer?—That would be an essential condition.

2088. I think you were in the service of one of the telegraph companies, were you not?—Of the Electric and International Company for seven years.

2089. Was it not more the practice of the companies than it is now of the Government?—I think it was.

2090. In that respect it conduced to the efficiency of the business?—I should say it did.

2091. Therefore you think that if the Government were to adopt that portion of the system of the old companies in that respect, they would be improving the present arrangements?—That would be my opinion.

2092. Do not you think also the result of that would be a considerable economy of staff?—I think indirectly it might be, inasmuch as one person would then decide upon one question, whereas two persons have now to be consulted and two sets of papers have to be in circulation.

2093. In fact, many telegraph servants have at least two masters?—Yes.

2094. And may therefore receive contradictory orders on the same subject?—I must guard myself in answering that; it is not so much, perhaps, that one person has two masters as that two sets of people are dealing with two parts of the same question.

2095. The consequence, of course, may be either a great deal of red tape or considerable confusion?—There is no confusion, but there is, of course, an increase in the number of references, an increased number of points whence opinions must be invited.

2096. Do you think it could not be much more possible to reduce the number of telegraph districts into which England is divided, and have a superior officer placed in charge of several districts with officers under him in each district, so as to reduce the whole number, and make

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Mr. *Goldsmid*—continued.

make one person more or less responsible for the whole?—If I follow the question correctly, my view would be that it is expedient to reduce the area of the district of the divisional engineer, and increasing the area of the district surveyor, unite the functions of both in one person.

2097. I think you stated to the Right honourable Chairman that, in your opinion, it would be a great advantage if postal and telegraph districts corresponded?—I think it would, for the reason mainly that, in the present state of the administration that would be a means towards an end.

2098. A means towards accomplishing the object we have in view, of reducing the superabundant staff?—It would render more facile, at some subsequent date, the union of the two duties.

2099. And, practically, simplify the business of the department?—I think so.

2100. As far as you yourself are concerned, are you able personally to inspect most of the officers in England under you, and see whether they discharge their duties?—I think, during the term of my service, since the transfer of the telegraphs, I have inspected nearly every office of importance in the United Kingdom.

2101. So that you would be able to see how the business of each particular office was conducted?—Yes.

2102. Consequently it would be a great advantage if you were consulted in the rearrangement which might take place?—Possibly.

2103. Have you considered at all the amount of carrying power which you now have, that is to say, what increase of business you could do without practically increasing your wires, &c.?—I should say, speaking of course generally, that our system is now pretty nearly full; that is to say, that taking one circuit with another, we are approaching, but have not arrived at that point when the system, unless we bring increased means to bear in developing it, has very nearly reached its capacity.

2104. We were told, I think, that two-thirds of the business was done upon a few trunk lines between some of the great towns; if, in your opinion, that is the case, do you think that, provided extra wires and instruments, and manipulating clerks were employed, you would not have to increase your general staff apart from that?—I think if no cause were to operate, such as the reduction of tariff, to increase telegraph business generally to any considerable extent, the main expenditure would be on the trunk lines, between the large towns, and that our subsidiary lines could, in many cases, carry a large amount of additional traffic.

2105. Consequently, therefore, that the main expenditure need not be very great?—No; relatively not.

2106. Consequently you ought to be able to do a very large increase of business at a very moderate increase of cost?—Not, perhaps, a moderate increase of cost, because I fear that, with a largely increased business, we should require largely increased premises, larger offices, and so forth; and that is a costly element in telegraphic business.

2107. Can you give me what, in your opinion, are the reasons for the enormous divergence of the Post Office expenditure under Mr. Scudamore from the estimates which were furnished by him to the Committee of 1868?—As compared

Mr. *Goldsmid*—continued.

with the estimates of the present time, we must bear in mind that we are handling 21,000,000 of private messages as compared with 6,000,000 of telegrams under the companies.

2108. If you look at the statement which has been made by me, I think you will see that the proportion of increase of business does not account, according to Mr. Scudamore's own figures, for the increase of expenditure. Apart from that, what other reasons can you offer?—I am far from saying that that is the only cause of increased expenditure. I have jotted down one or two reasons which I think would account for the increased cost. In the first place, I think we were a little misled in the matter of staff. The practice of the Post Office is to employ its telegraph clerks during eight hours of each day. I think the telegraph companies employed their clerks nine or 10 hours, and that of course, without any intentional error on the part of anybody, would account for a part of the increase. Another cause was that, although the telegraph companies furnished us with every information that we asked for, we were ignorant of the fact, perhaps, that a portion of the work of each company's telegraph office was provided for by overtime, and therefore we took as the basis of our calculations the clerks actually employed; whereas, we ought to have added a number of clerks corresponding to the number of hours of overtime at each office.

2109. What difference would that make upon the estimate?—I could not give you that. It is one element of increased cost. I think generally at the time of the transfer, the telegraph companies were working their offices shorthanded. Another cause would be the higher standard of efficiency established by the Post Office. Another cause would be the longer annual leave granted to its officers.

2110. Is there a longer annual leave?—I think the terms of the Post Office are a little more liberal than the companies, were as regards annual leave.

2111. Although the clerks change more often?—I do not think that that is so.

2112. We have had the figures to show us that?—I can procure accurate information without much difficulty, but my impression is, that the Post Office is a little more liberal in that respect than the companies were. Another cause was that we contemplated largely the payment of the provincial postmasters at the smaller offices by commission. Another cause lies in the fact that the telegraph service under the Post Office had to be framed at very short notice. We found it necessary in many cases to send clerks where otherwise we should have paid by an allowance.

2113. You think those are all elements of increased cost?—Yes, with others perhaps of a minor character.

2114. You have now the general charge of the whole of England or the United Kingdom?—Not the general charge but the general supervision of the United Kingdom.

2115. That is to say, of the officers?—Yes.

2116. Would you have any difficulty if the offices of district surveyor and divisional engineer were amalgamated in supervising the whole; it would not, practically, add to your duties?—I should be ready to undertake any duties for which the

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Mr. *Goldsmid*—continued.

the chief of the department thought me fitted; but I am bound to say, having regard to the importance I attach to technical efficiency at head-quarters, such an arrangement would not be expedient, seeing that I possess but little technical knowledge myself.

2117. Suppose the person in whom the double office was amalgamated possessed sufficient knowledge?—I mean that I could not regard as expedient an appointment which placed in a position of technical control an officer who himself has no high technical attainments.

Chairman.

2118. If the postal districts were made the units for maintenance as well as for office work, the number of divisions would be increased?—The number of surveyors' divisions.

2119. There are now 15 surveyors' divisions in Great Britain and Ireland?—That is so.

2120. Besides two or three towns where the postmaster acts as surveyor?—Just so.

2121. If, for the advantage of unity of management, the engineering divisions were made coincident with the postal surveyors' districts, might not there be an introduction of considerable want of uniformity in the maintenance, both of wires and of office work, unless there was an extended system of inspection from the central office?—I think there would be no danger of that kind, with an efficient technical man at head-quarters.

2122. Would it not be quite necessary to have one man for electrical purposes at the head office, as well as one engineer who would thoroughly look into there being a uniform system throughout the country, introducing the most modern improvements into each division?—Supposing that one person could not be found able to assume both functions, I think that would be necessary, but the one indispensable condition, in my opinion, would be at any rate one officer of high practical

Chairman—continued.

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and scientific attainments, to insure uniformity of action throughout the provinces.

2123. Uniting with that not mere central work, but thorough inspecting work, to see that efficient maintenance was carried out?—Yes, he would be in a sense executive as well as administrative; executive in a less degree, and administrative in a higher degree.

Colonel *Alexander.*

2124. You mentioned just now various elements of increased cost; take the item of paper; there was in every year an excess of expenditure in that item over the estimate?—That is a question to which I have given a good deal of personal attention, but to which at this moment I cannot give a thoroughly satisfactory answer. I think the increased cost is due partly to a multiplication of forms under the more perfect and precise system of Government accounts, partly to our habit of using, perhaps, in some cases, more expensive and valuable paper than the companies used, partly to the message form being very much larger in size.

2125. Partly also, is it not, to the use of foolscap for little instructions, where an ordinary commercial person would use a smaller piece of paper?—Partly by putting in the hands of linemen and officers of small responsibility the temptation of a large handsome sheet of foolscap.

2126. After the experience of a few years you would have made an allowance for the increased cost of paper, whereas you seem every year to have under-estimated it by half?—We had the sanguine hope that by economies which have since been practised the expenditure of the year could be kept within the estimated vote for the year.

2127. But you did not do so by a half?—We were not in all cases successful.

Mr. HENRY CHARLES FISCHER, called in; and Examined.

Chairman.

2128. WHAT position do you hold in the Telegraph Department?—I am Controller of the Central Telegraph Office, and of four other of the most important branch offices in London.

2129. Those are branch offices of what?—Branch offices of the Central Station. I call them branch offices because I supply them with staff.

2130. Describe them?—One is the Stock Exchange.

2131. How many clerks does that contain?—There are 41 clerks and 14 instruments.

2132. The House of Commons is another?—Yes; that contains seven clerks.

2133. The Commercial Sale Rooms is another?—Yes.

2134. And Moorgate-street?—Moorgate-street Buildings.

2135. Going back to the Central Office, how many clerks do you employ?—There are altogether 1,322 clerks and 307 messengers.

3136. That makes 1,629 people that you employ in the Central Office?—At the Central Office and its branches.

2137. To those 1,629 clerks and messengers, how many supervising officers have you?—Sixty-seven; 25 male and 42 female supervisors. They are included in the total number already given.

Chairman—continued.

Mr. *H. C. Fischer.*

2138. Before going into the duties, can you tell me in the divisions that you have, how many messages you have in each?—Yes, I will give you the numbers. We have in the provincial divisions between nine in the morning and eight at night, between 3,000 and 6,000; and in the metropolitan divisions, the numbers range between 1,650 and 3,960 during the same hours.

2139. Is that inclusive of press messages?—No. Press messages are not included in those numbers.

2140. And in the Stock Exchange?—The numbers vary very much; they range from 4,000 to 6,000 a day.

Dr. *Cameron.*

2141. During what hours?—The Stock Exchange is open from from nine in the morning till seven in the evening, but the instruments are not worked after five o'clock. They open circuits at 10 o'clock in the morning and close them at five in the evening, but business does not begin till 11 o'clock.

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Chairman.

2142. Then what are the House of Commons messages?—I have not got the exact number of messages, which is small. The news is in much larger proportion than the message work.

2143. In the numbers you have given us, they are the private messages exclusive of news?—Yes.

2144. Had you any experience of the old telegraph company?—Yes; I commenced my telegraphic career in the service of the Hanoverian Government. I entered their service in 1853, and in 1856 I entered the service of the Electric and International Telegraph Company. I held the position of superintendent of their foreign branch, and afterwards superintendent of their central telegraph office in Telegraph-street.

2145. Have you made any comparison between the work of the telegraph clerks under the companies and under the Post Office?—I have; about 12 months ago, I prepared a statement for Mr. Scudamore, which I have now before me, from which I can show you in figures, that the clerks now, although only working eight hours a day, while under the Electric and International they worked nine hours a day, do 20 per cent. more work than in the time of the company; that is 20 per cent. more messages per day for each clerk.

2146. Can you give us any estimate as to the supervision as compared with the old companies; the number of supervisors?—I can compare the supervision at the central office of the Electric and International Company before the transfer with the supervision at present at the central office. At the central office of the Electric and International Telegraphic Company they had altogether 10 regularly appointed male and female supervising clerks; but besides those regularly appointed supervisors, there were a number of senior clerks assisting in the supervision, although not regularly appointed. I estimate an equivalent for their services as four, which makes it a total of 14 supervising officers; comparing this number with the number we have at present, 67, it would show that we have numerically about five times as large a supervising staff as in the times of the Electric and International Company; but on the other hand, our message traffic is, leaving news altogether out of consideration, now more than six times as large as it was in the times of the company.

2147. Have you made any comparison about the message traffic now passing through the central office, leaving the news out of calculation; you say that is six times greater than before?—Yes.

2148. Your supervising force is five times greater?—Yes, and the message traffic, leaving news out of consideration, is six times greater. There are other reasons why we should have a larger supervising force now than in the times of the companies. In the first instance, the public demand a greater efficiency in the service, which they never got in the times of the companies, and efficiency can only be kept up by constant and close supervision.

2149. Is not your office a remarkable example of the concentration of the telegraph system and of telegraph clerks, and was not the country led to expect a great saving effected by concentration?—We have effected a saving by concentration, as I have shown, and I can prove it by figures that our staff is actually doing 20 per cent. more work than in the times of the companies. No doubt that was effected by concentration. One of the reasons that we do not show a still more favorable numerical comparison as regards supervising staff, I gave just now, but there are others. In the times of the companies telegraphy was of a much simpler nature than it is now. We had only the Morse instrument and perhaps the needle to deal with. Now we have very intricate kinds of apparatus to attend to, such as the Duplex and the Wheatstone, and it tends to economy in staff provision to very closely supervise it, because the staff provision changes during the day. A circuit may be busy at one hour and slack at another, and it is the duty of the supervising officers to redistribute any surplus staff to other points where additional temporary assistance is needed.

Chairman—continued.

2150. You consider that the complication of the system is a justification for a much larger supervision?—Yes.

2151. And also that the greater efficiency which the public require is a justification of larger supervision?—Yes.

2152. Has the local traffic in London largely increased since the telegraphs went over to the Post Office?—The local traffic in London has very largely increased indeed.

2153. Can you give us some figures?—Yes, I can; and I may state that the local London traffic has increased in a much greater proportion than the general traffic.

2154. I mean the traffic between one part of London and another?—I commenced taking returns of the local messages passing through the Central Telegraph Office in March 1870; that was a month after the transfer. We had then during that month 13,978 local messages from one part of London to another. In the same period, the following year, in 1871, it increased to 39,174, nearly three times as many. In March 1876 we had 84,531, showing that we now have about six times as many local messages as we had six years ago.

2155. To what do you attribute this great increase of the local traffic?—I consider the traffic has been entirely created by the efficiency of the service.

2156. By the swift communication?—Yes.

2157. You consider the swiftness as being the chief cause?—Yes.

2158. And the creation of a number of stations?—No doubt the opening of a number of stations, or else we should not have the facility to dispose of it so quickly.

2159. Are the wires and clerks pretty fully occupied?—I cannot say that they are fully occupied. We make what is considered a fair provision both of wires and staff to allow the messages being passed off promptly.

2160. An honourable Member has spoken of 6 *d.* telegraphs; supposing that were remunerative, could you carry double or treble the number of messages over your present system?—No; I have been examining that question thoroughly to ascertain whether there was much room on our metropolitan wires to transmit a larger number of messages; I find there is a great deal more room, but it is not at the time we want it; there is a time in the middle of the day, between twelve

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Chairman—continued.

twelve and one or two, when the wires are pretty full, and if we reduced our charge to 6 *d.*, and had a very large increase of traffic, we should get it, no doubt, in that part of the day when we could not afford to send it; I do not mean to say that there is not room at all, but still there is not very much room unless we deteriorate in efficiency.

2161. There is not room for three or four times the amount? — Decidedly not; not for double.

2162. You are sure of that?—Quite sure.

2163. In the large number of clerks that you employ, is a large proportion of them still very junior?—They are; I might almost say that the bulk of our staff is a junior staff; we have made very large additions to it since the transfer.

2164. And that has caused the necessity of an increased superintendence? — Yes; it does not only account for increased superintendence, but also for a larger numerical force than I should otherwise require to work the central office.

2165. As those junior sbecome seniors, would the superintendence and numbers not have a tendency to diminish?—Yes, no doubt that would be so; but probably at the same time the traffic would be so much increased that we should not be able to diminish the present numbers; no doubt it would eventually tend to economy in supervision.

2166. Do not your clerks fluctuate much in numbers; do they remain long with you?—We have had a great many resignations; I can give you the exact numbers. Since the transfer, that is six years ago, 171 male clerks have resigned, and 244 female clerks have resigned.

2167. Tell us the total number of male and female clerks?—The total number of male is 556, and the total number of female is 766.

2168. Do your male or female clerks change more rapidly?—Those numbers would show that the female clerks change more rapidly, but there are, perhaps, special reasons why we lose so many male clerks.

2169. What are they?—I have a statement here which may, perhaps, indicate the reasons. At the central office, at the time of the transfer, 117 male clerks were transferred to the central office from the companies; of these there are still 90 in the service; this would show that 27 of them had resigned; the total number of resignations, however, of the male clerks amounts to 171; and this shows that the bulk of the male clerks that have resigned entered the service since the transfer. Those who entered before the transfer are, perhaps, in the receipt of better salaries, which they would consider twice before they threw up; but those who have joined since, and were in receipt of small wages, have resigned to better themselves; that refers especially to the probationary class.

2170. They do not consider the prospect sufficiently good?—No, neither the present pay nor the prospects.

2171. In the case of the female clerks, what is the chief motive of resignation?—The chief cause is marriage.

2172. As a question of bettering themselves in salaries, that is not so?—No, I do not know of any instance. I believe they are quite satisfied with their positions.

Chairman—continued.

2173. What were the number of female clerks at the time of the transfer?—Two hundred and forty-eight female clerks were transferred to the central office. There still remain 148.

2174. Upon the question of supervision, does the fact that you have a mixture of male and female clerks in your office require more supervision than if they were all of one class?—Yes.

2175. Now, I want to go into the mode in which that large office, chiefly in one gigantic room, is divided up. It is divided, first, into a provincial, and then a metropolitan, division?—Yes.

2176. How many divisions are there in the provincial group? — Eight in the provincial group and six in the metropolitan group.

2177. How many circuits have you in one provincial division?—The number of circuits in provincial divisions ranges from 11 to 34. I should perhaps explain the small figure of 11; that is in the case of the Scotch division, which almost entirely consists of Wheatstone and duplex circuits. The number of clerks in the provincial divisions ranges from 50 to 83, and the number of messages, as I have given before, 3,000 to 6,000. In the metropolitan group the number of circuits ranges from 34 to 65; the number of clerks from 37 to 61; the number of messages, I have stated, 1,600 to 4,000.

2178. Will you explain to the Committee how your supervision is constituted; have you female supervisors as well as male?—Yes. In the first instance, we have over each group a female supervisor and assistant. They take alternate duty; the female supervisor comes one week at nine o'clock in the morning, and leaves at four o'clock; that is seven hours; the next week she comes at 11, and leaves at eight; that is nine hours; so as to have an average eight hours a day.

2179. So that in the business part of the day you have both supervisors present?—Yes.

2180. Does the female supervisor supervise the male clerks in her division as well as the female?—In a measure, yes, as far as the work is concerned. There are, of course, certain points where it is necessary that a male supervisor should interfere.

2181. In a general way she does it?—Yes, she is directly responsible for the work transmitted through her division.

2182. Above these general supervisors, are there any superior female supervisors?—There are two in the metropolitan gallery, which is almost entirely worked by a female staff.

2183. In the metropolitan gallery you have two female supervisors?—Yes, of a superior grade, who are responsible for the whole of the metropolitan gallery.

2184. Over those superior female supervisors, both superior and inferior, have not you superintendents of a higher class who are males?—Yes, there are five male superintendents for the whole of the provincial, and, to some extent, the metropolitan, division.

2185. In addition to those you have mentioned you have a foreign department?—Yes.

2186. Are not there about 4,000 international messages per day?—Yes; almost the whole of the foreign traffic of the country passes through the central office.

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Chairman—continued.

2187. Do you require for that department clerks with a knowledge of foreign languages?—We do; but we have a great difficuly in getting them.

2188. Are the salaries higher in the foreign department than in the others?—No; we have no special appointments for it.

2189. If you had higher salaries, would you have difficulty in getting clerks with a knowledge of foreign languages?—If we had higher salaries the difficulty would disappear. It is only a question of salary, no doubt.

2190. The last department is your check department?—Yes.

2191. Will you explain what that is?—I ought properly to call it check and circulation department. We receive a large number of messages by pneumatic tubes from the different city offices and from the West Strand office. Those messages come to us in consecutive numbers. We check them to ensure that they have all been received. Then we have to arrange for the circulation of the messages within the office. Those messages are also numbered, and that duty is performed by the check department. The Central Telegraph Office is a large transmitting centre. A message, say from Brighton for Glasgow, would first be sent to London to the central office, and from there we should forward it to Glasgow. Therefore we have to arrange for that message to be taken from the Brighton instrument to the Glasgow instrument, and that is what the check and circulation department is responsible for.

2192. I think you have still other supervisors for night duty?—Yes, we have two night superintendents who take duty every alternate night; they come at eight o'clock in the evening, and leave at nine the next morning.

2193. You do not employ females at night time?—No, neither after eight p.m., nor before eight a.m.

2194. In your experience of employing female clerks, can you state anything with regard to their efficiency as compared with male clerks?—We have a large number of female telegraphists at the central station who, in every respect, are quite as efficient as the male clerks, and that is proved by the fact that the racing traffic, of which Mr. Johnston has the charge at the other end, is at the central office, at our end of the wires, almost entirely done by the female staff. But of course they are the pick of a very large force. Speaking generally, I think an average male clerk is superior to an average female clerk, especially on wires where, besides mere manipulation or mechanical duties, discretion and management are required, such as the Wheatstone circuits or the duplex circuits.

2195. Do the female clerks not absent themselves from illness more frequently than the male clerks?—Yes; that is a great inconvenience to us. I have taken out a return lately, which shows that the per-centage of female absentees is 5½ against 2½ male absentees, and I believe if we could give the male clerks a better duty, that is to say, remove them from constant night duty, the per-centage would be smaller still in their case.

2196. The female clerk receives less wages than the male clerk?—Yes; the average cost of a female clerk at the central office is about 50 *l.*, of a male clerk about 80 *l.*

Chairman—continued.

2197. Taking the difference of pay into consideration, do you get as much work for the money out of the female clerk as from the male clerk?—I think we do.

2198. They are neither employed for night work nor Sunday work?—No.

2199. With regard to the supervision of messengers it has been stated that you have a very large supervision over the messengers; is that so?—We have two inspectors and eight assistant inspectors for a force of over 300 messengers; I think there are reasons why we may perhaps compare unfavourably with other offices; the principal is that I have two offices under my control, which are open night and day; the Central Telegraph Office and the office in Moorgate-street Buildings; our instrument-room is spread over a very large area. We have a local arrangement for circulating messages by pneumatic tubes; they are worked by messengers, and require to be strictly looked after.

2200. Your 300 messengers are spread over five separate offices?—Yes. Besides this we have done away with corporals, who continue to be employed at other offices; perhaps that may have been lost sight of. I have no corporals on my establishment; I found that they did not make good supervisors; they were boys themselves, and not likely to be fit to look after boys.

Mr. *Cubitt.*

2201. Have you any limits of age as to the engagement and dismissal of clerks?—Yes; we do not, however, engage clerks at the central station. The limits of age for the school are from fourteen to eighteen, both for male and female candidates.

2202. And for retirement?—I am not aware of any special regulations in that respect.

2203. In fact, at present your staff is all young?—To a great extent it is.

2204. And the retirement will go on at a greater ratio as the service gets older?—No doubt.

Colonel *Alexander.*

2205. With reference to the female clerks, I suppose you have read Mr. Scudamore's report in 1871?—Yes; I read it at the time.

2206. Are you aware that in that report he reports very favourably of the employment of female clerks?—I am aware of that.

2207. Do you agree with Mr. Scudamore when he says that women have in an eminent degree the quickness of eye and ear, and the delicacy of touch, which are essential qualifications of a good operator?—There is a great deal in that, but perhaps you will allow me to explain that since those times circumstances have altogether altered. There is not so much keying now going on; we are doing our work more by the Wheatstone, automatic.

2208. Do you agree with Mr. Scudamore when he says that women take more kindly than men or boys to sedentary employment, and are more patient of confinement to one place?—That may be so, but we have no difficulty in keeping the men to their work.

2209. In the third place, Mr. Scudamore prefers female clerks, because he says the wages which will draw male operators from an inferior class of the community, will draw female operators from a superior

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Colonel *Alexander*—continued.

a superior class. Do you agree in that?—There is something in that; I agree with that.

2210. Do you agree with Mr. Scudamore when he says that female operators drawn from a superior class will, as a rule, write better than the male class, and spell more correctly?—That is one of our great difficulties with both staffs. Clear writing is one of our main points, and we have difficulties both with the male and female clerks. I would not like to draw a line.

2211. You have said that the staff is sometimes mixed?—Yes.

2212. Do you agree with Mr. Scudamore that where the staff is mixed the female clerks will raise the tone of the whole staff?—Under proper supervision that is correct.

2213. Do you agree with him when he says that they are less disposed than men to combine for the purpose of extorting higher wages?—Yes.

2214. Do you agree with him when he says that they are also cheaper than males, because with males employed in an inferior kind of duty, if employed for a sufficiently long time, it is absolutely necessary that their wages should be raised, whereas a female clerk would not make the same demand for an augmentation of wages?—I agree in some degree there. I believe there will be a much greater necessity for raising the wages of the present male establishment than the female establishment.

2215. Will you allow me to read this one sentence: "When the same person," that is a male, "continues to perform the same duty from his eighteenth to his fortieth year, it is impossible permanently to resist his claim for additional remuneration, and when he continues to perform it to his sixtieth year, it becomes equally impossible to resist his claim for a retiring allowance"?—My experience of people having been in the telegraph service from their eighteenth to their fortieth year is rather limited.

2216. I understand you to say women leave the service to get married?—Yes.

2217. Are they never asked to return to the service after marriage?—Yes, there have been cases.

2218. Mr. Scudamore mentioned specially that they did everything they could to tempt women already married, who have left the service, to come back; is that the case now?—No, we do not encourage married people entering the service.

2219. Do you agree with him when he says that if we suppose an equal number of males and females on the same ascending scale of pay, the aggregate pay to the females will always be less than the aggregate pay to the males?—Yes.

2220. Do you agree with him when he says that within a certain range of duty the work would be better done by females than males, because the females will be drawn from a superior class, and, further, that there will always be fewer females than males on the pension list?—No, I do not agree that there is any duty which a female could perform better than a male. I think there are duties which a female clerk could perform equally well; for instance, working and watching all minor circuits. This work is now principally left to them at the central office, more especially in the metropolitan divisions.

2221. The system of employing females is

Colonel *Alexander*—continued.

cheaper, inasmuch as there are fewer on the pension list?—I have little experience as yet of a pension list at all. The number of males or females pensioned since the transfer is very small.

2222. With regard to the 307 boy messengers whom you employ, at what age are boys generally taken as messengers into the service of the Post Office?—We take them on for day duty from 14; when they get up to 16 we send them on the night staff, and there they remain until they are appointed assistant letter-carriers.

2223. Up to what age are they employed in the service of the Post Office?—There has been such a demand for letter-carriers that they very rarely remain more than 12 months on the night staff, so that when they are 17 they would be assistant letter-carriers.

Mr. *Ripley*.

2224. You stated, I think, that the number of messages have very largely increased since the transfer?—They have.

2225. They are as much as six times the amount?—I was then specially referring to the local traffic, the metropolitan, not to the general traffic.

2226. It was six times the amount, and that you attribute to a large extent to the increased efficiency of the service?—Yes.

2227. I suppose something may be accounted for by the increased number of stations?—No doubt that has given us the means of efficiently performing the service.

2228. Can you give the number of telegraphic stations which existed in the metropolitan district when the telegraphs were taken over, and what they are now?—I cannot. I have no exact data, but I will furnish that.

2229. In addition to that, I suppose the system of pneumatic tubes has also contributed very much to the facilities with which these messages can be sent?—There are very few local London messages passing through the pneumatic tubes, that is, few comparatively. We are doing now three or four thousand local London messages a day. If I were to make a guess, I should say not 200 would pass through the tubes.

2230. What are the tubes used for principally?—For City traffic. We do not get very many London messages from the City; they are mostly commercial messages for the provinces, and the Continent.

2231. Are the great proportion of those metropolitan messages sent to the central office, and then re-transmitted to the district office?—Every message handed in in the metropolis first goes to the central office, and from there it is sent on to its destination.

2232. Does not that very much increase the labour, as compared with sending a message direct?—It is only apparently so; it would be quite impracticable to give every office in London communication with every other office.

2233. Why?—In the first instance there would be an immense cost for wire; it would be impracticable; every office would want at least 40 or 50 circuits.

2234. You were speaking with reference to the male and female clerks, and saying that there is more illness among the females than among the males; but irrespective of that, is the service of a female clerk as valuable as that of a male clerk;

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Mr. *H. C. Fischer.*

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Mr. *Ripley*—continued.

when she is on actual duty can she do as much work?—On certain minor circuits, as I have explained, and a certain number of female clerks on any circuits; but I expressed an opinion that an average female clerk was not as good in capacity and management as an average male clerk.

2235. With reference to the clerks in the foreign department, you stated that you had difficulty in getting competent clerks, having a knowledge of foreign languages, to act?—Yes.

2236. May I ask whether the clerks generally in the foreign departments are English?—Most of them are English; there are, perhaps, half-a-dozen foreigners; the majority are English.

2237. Have you any female clerks?—Yes; there are, I believe, three acting on the foreign staff.

Dr. *Cameron.*

2238. As I understand it, one very important function of the central office is that of a clearing house, so to speak?—I do not quite follow you there.

2239. You have said that all messages go to the central office?—Yes, in that way you might call it a clearing house; transmitting office, we call it.

2240. You said in reply to the honourable Member beside me that the pneumatic tube was of very little use?—I did not intend to convey that.

2241. For metropolitan traffic?—Yes.

2242. That would simply arise from the fact that it does not ramify very extensively through the metropolis?—Yes.

2243. If it did ramify very extensively it might be used for getting rid of almost all the metropolitan traffic?—No doubt, if it were practicable to introduce tubes.

2244. If it were more extensively used you might, instead of requiring telegraph clerks to write out messages, allow a letter, in fact, to be sent through the tube at a telegraph rate?—We might allow a letter to be sent, no doubt.

2245. As you said the amount of work done per clerk in the central office is nearly 20 per cent. more than it was under the old system?—Yes.

2246. And, of course, that is fully accounted for by the introduction of superior instruments?—No; although you introduce a superior instrument, yet the actual labour concerned is not lessened, in fact there is more labour involved.

2247. In this way it will do so: when you had the traffic divided among three offices, and when you had messages charged at a higher rate, the clerks had much less to do, and in many cases would have A B C instruments or Hughes' instruments, where now they have Morse?—Yes, no doubt that is so.

2248. And even now they can do more work, so that the mere fact of their doing 20 per cent. more work does not imply any very great exertion?—I did not claim any credit for it, I merely mentioned the fact.

2249. The fact is, that with these Morse instruments with the improvements, and with the sounders, and so on, a very great deal more work can be done per clerk per hour?—Yes, where you have got the work to do upon those circuits. We have more minor circuits now in comparison than we had in the time of the companies.

Dr. *Cameron*—continued.

2250. Can you give me any idea as to the number of instruments on those minor circuits now looked after by a single clerk, compared with what was the case with the Electric Company?—I believe exactly the same circumstances prevail; we appoint one clerk to look after as many circuits as he or she possibly can; perhaps I may give you an instance. I have a list here of six circuits in the metropolis; upon those circuits are 17 different offices; they all open at eight in the morning. For these six circuits with 17 offices we appoint one clerk to look after them between eight and nine o'clock, between 9 and 10 we have two, between 10 and 12 we have three, between 12 and 4, that being the busiest period, we have four, between 4 and 8 we have two. That is what we calculate to be a fair provision for the circuit.

2251. Have you any information as to the number of messages transmitted per hour?—I can tell you the number of messages they are doing. The first circuit is doing about 12 messages a day.

2252. Tell us the whole number?—About 200, or less than that; that is all the six circuits together.

2253. Can you give me any idea how many men's hours' work you have got upon these circuits, and how many hours' work of a single man is the work on that section equivalent to?—I will supply that afterwards.

2254. Do you have a number of female clerks in the out offices?—There are a certain number.

2255. Do you think that is a good system?—Yes. The offices are not under my control.

2256. You have formed some idea on the subject?—I think female clerks are very suitable to work small offices.

2257. Even when there are two or three required?—Yes.

2258. There has been some attention paid lately to the question of substituting ground wires for overhead wires in the metropolis. Have you to do with that?—No; that is rather engineering matter.

2259. The effect of considerable distances of underground wire is considerably to impede the speed at which the traffic can be transmitted, is it not?—We have no experience in the central office on long underground wires.

2260. On the northern circuit, I understand, you have 18 miles of underground wire?—That may be the intermediate section.

2261. Not immediately adjoining the metropolitan end?—No; those are questions on which the engineer may speak better than I can.

2262. In reply to an honourable Member, you said that the excessive amount of inspection in the London district was accounted for by the number of tube attendants?—Yes; I did not admit that there was an excess in comparison. With what office do you compare the inspection?

2263. At page 268, I find that there are 11 inspectors of messages for 345 boys, or one in 32; at page 2 of sub-head F, I find 11 overseers of telegraph messages for 139 boys, or one in 12?—Those overseers do not belong to me, they belong to Mr. Boucher's district; the only supervision I have over messengers is that of inspectors and assistant inspectors.

2264. In the Central Telegraph Office there are 11 inspectors

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Dr. *Cameron*—continued.

11 inspectors of messengers and a serjeant to a total of 345 boys, or one in 32?—Yes; I have already explained why it is; we keep the offices open night and day.

2265. That is the case at all large provincial offices?—Yes.

2266. You have here one inspector to 32 boys. In the chief office at Glasgow, for instance, as I have said, you have three inspectors for 160 boys, and that office is open night and day too?—That is for the reason that in Glasgow there is but little night delivery. All the newspapers in Glasgow have their special wires, and they get very few messages delivered in the night, while we have to deliver all the messages by hand from St. Martin's-le-Grand to the newspapers.

2267. Are you aware that in Glasgow and other provincial towns the amount of news work sent over the ordinary wires, that is not by special wires, would be very much greater than in the case of the metropolis?—That may be so, and it may not affect the question, because the large amount of news may pass through the office, and may not be for delivery in Glasgow.

2268. The majority of news goes from London to the provinces, and, as a matter of fact, there will be a much larger average of press deliveries in Glasgow than here?—Yes, but in the case of Glasgow the special wires tend greatly to reduce this.

2269. You said a considerable amount of that very large inspection was due to the fact of the messengers being employed upon the tubes?—Yes.

2270. But tube attendants are put down under a different head?—It is a different class of tube attendants I am speaking of; they are the local tubes for the circulation of messages in the central traffic office. We circulate a certain portion of traffic by boys in the gallery; they must be carefully looked after, or else they would not perform the work satisfactorily.

2271. There is one point upon which, perhaps, you can give me some information; Mr. Scudamore, I understand, proposed and carried into effect a system by which a telegraph message could be posted, carried by the ordinary postal messenger to the telegraph station, and transmitted?—Yes; I believe he introduced a telegraph card, which might be put in any letter-box, and which would be specially sent to the telegraph office, and dispatched from there by wire; but, as far as my experience goes, the public did not choose to avail themselves of it.

2272. Even before that, the same thing was in effect with ordinary message forms; was that not availed of?—No, not to any extent at all.

2273. Can you tell me whether the system of transmission by post, at the other end, of telegraph messages is much availed of?—No; we get very few messages that are not for delivery from a telegraph office. Messages to be forwarded by post are very rare.

2274. Are the messages to be forwarded by paid delivery very frequent?—They are not numerous; they form an exception to the rule.

2275. Have you any idea as to the relative proportion of the two?—No; I cannot give you any figures.

2276. Do not you think it would be possible to work the Telegraph and the Post Office with very considerable economy in that form of combination?—As far as I know, the Post Office and telegraphs are combined.

Dr. *Cameron*—continued.

2277. Not so far as delivery or collection is concerned, except in this instance?—We have telegraph messengers where we have a sufficient number of messages to employ them, and in that respect I should think telegraph messengers much cheaper than letter-carriers.

2278. Supposing you had some system which you may have heard me describing in examining the last Witness, of deferred messages in cases where it was not of importance that messages should be delivered within two or three hours, more or less, could not those messages be delivered by means of the ordinary postal deliveries without extra charge?—If we got any message that could be so delivered; but my opinion is, the public would not avail themselves of such a system, at least not to any extent.

2279. Not probably in London, where speed is all requisite, where one thinks it better and more speedy to employ a hansom as the messenger than the telegraphist very often, but on long circuits?—I am afraid it would complicate our system very much.

2280. In the case of foreign messages I am informed that they are often delayed, and in the case of a block are sent on by post?—That is done under very exceptional circumstances. That is not only done with foreign messages, but also with English messages, when the wires are interrupted.

2281. Foreign messages get the preference in that condition?—No, they are in exactly the same condition. If we are broken down to Glasgow and find we cannot get the messages off by wire we should post them, and if we knew that the wire beyond a certain point north of Manchester or Birmingham was right we should post them to Birmingham, and they would wire them on to Glasgow. They would do exactly the same thing on the Continent under similar circumstances.

2282. I understand, not in the case of Glasgow, but in the case of many offices, foreign messages are considered as better able to bear delay than home messages; that is to say, a few hours' difference in reaching St. Petersburg is of less consequence than a few minutes' delay in reaching London?—I am afraid the public would not think so.

2283. Then you do not know of these foreign messages being delayed and sent by post?—Yes, I know it is a fact, because I have done it myself, that is if the wires are broken down; that is not of the sender's choosing, that is *force majeure*.

Mr. *Leveson Gower*.

2284. In what language are the foreign messages sent, in the language of the country to which they are sent, or in the language used by the sender?—We do not translate any messages; we send them in the same language that they are handed to us.

2285. Has there ever been any proposal for the adoption of an universal language for international telegraphy?—I am not aware that any practical proposition has been made in that direction.

2286. Would not that ensure correctness, and very much facilitate the business?—If it were practicable,

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Mr. *H. C. Fischer.*

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Mr. *Leveson Gower*—continued.

practicable, and if the telegraphists could be taught to know that language, no doubt it would facilitate the matter very much. A great many blunders are made in foreign messages from the fact that the clerks who deal with them are not acquainted with the language.

Mr. *Goldsmid.*

2287. You said that some of the clerks in the foreign department were English and a few were foreign, will you tell me the rate of pay in the foreign department?—It is exactly the same as it is for manipulators.

2288. What is that rate?—Our lowest class are probationers, they get from 12 *s.* to 16 *s.* a week.

2289. Therefore you expect a probationer, getting from 12 *s.* to 15 *s.* a week to have a knowledge of French and German, so as to be able to telegraph them accurately?—I do not expect it.

2290. The Post Office does?—I do not know that the Post Office does either, but that is what it comes to.

2291. Up to what rate do they go?—Their present rate of pay, after perhaps four or five years' service, if they enter the service as a probationer, would be 25 *s.* per week; and it would take them a very long time to get up to 100 *l.* a year.

2292. It is because the rate of pay is so low that you have such frequent changes as you have described?—No doubt that is so.

2293. You are a German yourself?—I am.

2294. You find the English far inferior, in the knowledge of languages, to Germans, as a rule, do you not?—I do not know; of late, I think, matters have been rather improving in that respect.

2295. But they were up to a recent period?—That may be so.

2296. You do not think there would be the least difficulty in getting clerks who would be able thoroughly to understand the usual modern languages that are used if you paid them an adequate sum?—I do not think there would be the least difficulty, and that would not only apply to the staff dealing with the foreign traffic, but to all the staff generally; we should get a better class of people by paying them better salaries.

2297. Do you find, on the whole, that the more intelligent people do the work better?—No doubt they do.

2298. Therefore, in that sense, the higher salaries repay you?—Certainly.

2299. With reference to the complaints of blunders, do not you get very numerous complaints with regard to blunders in foreign messages?—I think they have been rather decreasing lately; at the time of the transfer, and for a year or two after that, we had a great many complaints, but that was, no doubt, due to the fact that we were obliged to take on a large number of people and trust them with work before they were fit to do it.

2300. Have you a single clerk in the Telegraph Office who understands Italian?—There are one or two with a slight knowledge of Italian, but I do not think there is any one who can speak Italian fluently.

2301. Would you believe it to be a fact, if I

Mr. *Goldsmid*—continued.

told you that I receive a large number of messages in Italian, and I have never had one without several blunders?—I daresay; you must not ascribe all these blunders to the English clerks, because, as you are aware, they have to undergo three or four transmissions before they come to England.

2302. Would you believe it if I went further and told you that I also receive a large number of messages in French, and that I have seldom had one without a blunder?—I am sorry to hear that.

2303. Of course you will also probably believe that under those circumstances I do not think it is at all worth while to complain to the Post Office; and never have complained?—I am not so sure of that; we do all that is in our power to send messages correctly; for instance, to the more important offices, such as Liverpool and Glasgow and Manchester, we have special wires set aside for the transmission of international traffic, and we man those wires, at all events at our end, with clerks with some knowledge of the languages; I should say those messages you refer to, which you get in London, do not pass through the hands of the department at all. If they emanate from Italy or from France, you probably get them delivered direct from the Submarine Company, therefore it would be a matter beyond our province.

2304. But when we have it from the General Post Office?—We should probably deliver to you the original message handed to us by the Submarine Company; we should send it to the Strand by tube, and deliver it from there by hand, so we must not be debited with the blunders in them.

Mr. *Leveson Gower.*

2305. If the message is nonsense do you deliver it, or do you send it back to ascertain what it is?—If we get the message from a provincial office it passes through the hands of the foreign staff, and if they notice that the message has been mutilated, or contains nonsense, we should obtain a repetition, or correction.

2306. And from abroad?—From abroad we should deliver the message, and if the sender complained of it we should endeavour to rectify it.

Dr. *Cameron.*

2307. Are not foreign messages generally nonsense; that is to say, do not they come in codes which are perfectly unintelligible to any one but the sender and receiver?—Yes; that only refers to Indian and American messages; messages for the Continent are generally written in plain language.

Mr. *Goldsmid.*

2308. The messages I am speaking of are entirely family messages, which go, as far as I am concerned, to the office near where I live; I send from there, and receive from there. But of course it is difficult to localise a mistake. Now, on another point: What is the average time of your London messages?—Do you mean locally; from one part of London to another.

2309. Yes?—We aim in the central office at getting a part of them through in five minutes.

2310. Have you ever succeeded?—Yes; we get a large portion of them through in five minutes; that is only one stage of the delay; I think

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Mr. *Goldsmid* – continued.

think the result on the whole is that messages get delivered within the half hour.

2311. That does not agree with my experience within the last two years, because messages take an average of an hour and a half in London, as far as my experience goes?—You seem to have been rather unfortunate.

2312. Have you never heard that is the general opinion of the public?—No; that I have not heard. Of course we have complaints, but I have heard from a great many that the traffic is done in a very satisfactory manner.

2313. Only on behalf of the House of Commons and the Stock Exchange?—No, not at all; I speak of the London traffic generally.

2314. What is the average life in your service of your ordinary clerks?—I have not worked out the average, but a male clerk, if he has reached a certain salary, will not think of leaving unless something very much better is offered to him. The female clerks, as I explained before, leave when they are married.

2315. Is not it a fact that a very large number of the male clerks leave before they get that kind of salary?—Yes.

2316. A larger proportion leave in the Government service than left under the telegraph company's service?—I have not got the figures of the companies, but I think that is so; that may probably be explained in this way: since the transfer there are a great many more telegraph companies, such as the Western, and Brazilian, and Eastern Extension, and they have better chances for the clerks than in the postal service.

2317. Do you find that the women require more frequent leave of absence than men?—The sick leave of the females is a much larger percentage, 5½ against 2½. As to annual leave, we give them rather less than males.

2318. In order to make up for the greater sick leave?—To some extent it would make up that.

2319. Do you find that boys are very unsatisfactory in attendance to their work?—The messenger boys?

2320. No, the boy telegraphists?—I cannot say that we have particular difficulty with them any more than you might expect to have with boys, but of course we have to break them into business habits.

2321. In your opinion would it not be more satisfactory to employ persons of superior age at a somewhat higher rate of salary?—No, in my opinion they would not acquire manipulation so perfectly or so quickly as a boy would. We find that people after a certain age have great difficulty in acquiring the manipulation at all.

2322. Do you find much difficulty in controlling the staff generally?—I cannot say that we have any particular difficulty.

2323. Notwithstanding the very large numbers that you have in your office?—Of course my time and that of my assistants is to a great extent occupied with that, but I cannot say that I find any difficulty at all in managing them.

Mr. *Goldsmid*—continued.

Chairman.

2324. The honourable Member for Glasgow referred to the failing of a wire and the posting of telegrams in consequence. In such cases is there the slightest difference made between a foreign message and a home message under the same circumstances?—None whatever.

2325. It is not the case, is it, that there is any selection of messages for delay, on account of the distance you have to travel?—I cannot say positively that that has not been done; perhaps we have posted the foreign traffic, and tried to get the inland traffic over the inland wires; that has been done.

Dr. *Cameron.*

2326. I asked the last witness if he could give me a Return of the number of messages sent from one of your divisions, at the various hours during the 24; during an ordinary day and a Saturday. I think the Right honourable Chairman referred me to you; could you give me that?—We are getting up a Return for you.

2327. It does not include that; what I require is the number of messages sent from the metropolis or to the provinces in any one division in your central station, at the various hours of an ordinary working day, and at the various hours on a Saturday?—We are getting up the very thing, except that we have not done it for Saturday. We commenced yesterday morning, at nine o'clock, and left off at nine this morning; and I can show you, during those hours, every message sent from two divisions.

2328. You cannot give me in addition statistics for Saturday?—It can be done with a great deal of extra work.

Colonel *Alexander.*

2329. You told the honourable Member for Bradford that women are inferior to men; but is it not true that the class of women attracted by the low rate of wage is superior to the class of men attracted by the same rate?—I am under the impression that I answered that question before.

2330. That is Mr. Scudamore's opinion; do you agree with that?—Yes; for the same money we should get a better class of females.

2331. Is it not true that some men continue in the service when it is desirable that they should leave?—Our staff is mostly a junior staff; I have no experience of people getting old in the service.

2332. What did Mr. Scudamore mean by their remaining too long in the service?—I cannot explain what he meant.

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Friday, 12*th May* 1876.

MEMBERS PRESENT:

Colonel Alexander.	Mr. John Holms.
Mr. Charles Allsopp.	Mr. Meldon.
Mr. Cavendish Bentinck.	Lord Robert Montagu.
Dr. Cameron.	Dr. Lyon Playfair.
Mr. William Beckett Denison.	Mr. Ripley.
Mr. Goldsmid.	

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Lieutenant-General Sir JOHN LINTORN A. SIMMONS, R.E., K.C.B., called in; and Examined.

Lieut. Gen. Sir *J. L. A. Simmons*, R.E., K.C.B.

12 May 1876.

Chairman.

2333. WHAT position do you hold at present in connection with the War Office?—Inspector General of Fortifications.

2334. From a communication which I have had from the Secretary for War, I presume that you are authorised to give the War Office views upon the subject of the employment of Royal Engineers in telegraphy?—Yes.

2335. I need not ask you generally whether you have not had a large experience both in the necessities of the army at home, and in the necessities of the army during war?—Considerable experience; 40 years' service both at home and abroad, in time of peace and in time of war.

2336. I think also you at one time held the position of Head of the Royal Military Academy at Woolwich?—Yes.

2337. Have the necessities of the army required a great use of the telegraphs in time of war?—The telegraph at the present time is an essential in war; war can scarcely be carried on without it, even the smallest wars. To begin with, the smallest war in which we have lately been engaged, the Ashanti war; I think it is not too much to state that the operations in that war could not have been carried on as they were without the assistance of the telegraph, and that the telegraph was productive of very great economy to the country by shortening the expedition, and enabling the greatest amount of benefit to be derived from the materials and means that were put at the disposal of the general. In that war the number of men employed on the telegraphs was limited to 25; they were scarcely sufficient to carry on their duties, and I think, in fact I feel perfectly sure, that if they had not been under military discipline, the service would not have been carried out in the satisfactory way in which it was.

2338. From their small number, were they not sometimes invalided, and is it not the case that you had great difficulty in carrying on the telegraphic service?—They were not only invalided, but the numbers were reduced to that extent, and the men were so ill, that on one occasion the operator, being ill with a very severe fever, was laid in a bed in the telegraph office, with black fellows to wake him up whenever they saw the signal that he was wanted, and to assist him to the instrument to read and transmit the messages; it was under difficulties of that sort that the duties were carried on; and, as regards the linemen, that is the men who had to keep the line in repair, they were detached singly, with large parties of black labourers under them, among whom they had to maintain discipline, and I believe there was not a single case of any man having failed in his duties, except when he was knocked down by illness.

Chairman—continued.

2339. Do you consider it necessary that the experience to be derived from those who are to maintain telegraphic communication in time of war should be obtained by the large experience of the electric telegraphs of the country, or could it be done by a special system of military instruction?—We instruct our men in the use of the telegraph, both in setting up a line and in reading and operating; but it is manifest that unless we keep a large number of men in the service specially employed, and unprofitably employed, in these duties we could have no body of men upon whom to depend in war; it is essential with telegraphers that they should be constantly employed at their specialty, otherwise they lose the faculty of working with quickness and accuracy; and it seems to me, therefore, essential that they should be at work in a department where they constantly get that practice. We have a small number of men who are constantly employed in fortresses, as for instance in Malta and Gibraltar, where we have a few telegraph stations; but they do not afford us a sufficiency to enable the War Department to have men whom they can call upon for service in the field. In fact they would have to be supplemented probably in war, in order to enable them to carry on the additional duties that would be required of them in the fortresses where they are employed in peace.

2340. What number of men does the War Office consider it necessary to have in a state of training for any emergency that may occur?—What I think we should like to have in addition to the men that we actually employ ourselves is a body of about 160 men; 100 construction men, and 60 clerks; that would enable us to draw a sufficient number

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Chairman—continued.

number to fill up the telegraph unit that we have to accompany the army in immediate contact with the enemy, and also give us some assistance in completing the permanent lines in rear of the army if we were operating abroad. I forgot to mention that in addition to the telegraphers we have in the fortresses, we have a telegraph troop who are specially organised to accompany the army in immediate contact with the enemy. We maintain a certain number of telegraphers in that troop; but it is on a peace establishment, and we should require, in the event of war, to add to them in order to bring up the troop to the requirements of even a moderate army.

2341. Then, is it your contention that as the Post Office has now the monopoly of telegraphic communication in the country, it is essential that the army should obtain facilities from the Post Office for the training of their men?—Quite so; in fact, I see no other way of our having a telegraph corps in war; it is most desirable to take advantage of a large public department, who are servants of the State, in order, if possible, through their means to have a reserve which would be available in war.

2342. Is that the case in other countries; for example, in France, is it not the case that the Army Telegraphic Corps is under the Minister of the Interior?—The whole of the telegraphs in France are under the Minister of the Interior, and they detach from the telegraph service whatever is requisite for the army in war. I believe the Military Department supply waggons and cariages, and all that is necessary for their transport; these are placed under the charge of the Telegraph Department of the State, which is under the Minister of the Interior, and are visited and inspected from time to time by a military officer; immediately upon their being required either for manœuvres or war, they are horsed by the Train Department, and at once, with the assistance of the telegraphers, under the Minister of the Interior, constitute a telegraph corps for service. Then, I think it is right to state that the position of France is very different from this country in that respect. Some of the men employed on the telegraphs in peace have no doubt been in the army, and submitted to discipline; a great number of them are men who are liable for military service, and immediately they are drawn they pass under martial law and military discipline, and the transition, therefore, is very much facilitated.

2343. And when the services of the telegraphists are supplied by the Minister of the Interior to the Army, does the corps of telegraphists immediately pass under martial law?—Quite so.

2344. Do you think it would be possible to draw civilians for the purposes of telegraphy in war, and at once put them under martial law in this country?—You cannot do so in this country except by their own consent; and if they have not been brought up under, and subjected to, military discipline, I do not think we could have the same dependence upon them as if they had passed some time under military discipline, and had been trained to it. But I do not know how far it might be possible for the Post Office to make arrangements with their employés, as a matter of contract when they enter their service, that they should be liable to military service, and pass under martial law whenever there was an

Chairman—continued.

emergency. That is for others to consider; but it might be a matter of arrangement, in which case, though it would not be so satisfactory as having men who had been prevously trained to military discipline, still if the whole service were conducted in that way, it would give us a far larger body to draw from.

Lieut. Gen. Sir *J. L. A. Simmons*, R.E., K.C.B.

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2345. Can you tell us what is the course in Germany with regard to the training of military men for telegraphic purposes?—In Germany the military service requires such a large number of the population, that a very large proportion of employés in the civil telegraphs have been soldiers, are still in the reserves, and therefore liable for military service; immediately that they are drawn in war they pass under martial law, and having been habituated to discipline, are perfect soldiers.

2346. So that having been old soldiers and still subject to serve in the reserve, they can immediately be made into a military organisation?—Quite so; if you will allow me, I will read a passage from a report from General Walker, the Military Attaché in Berlin, on that subject; he says, "In this country the material connection is greatly facilitated by the system of unity of establishment under one head, by the fact that all the employés are State servants, that a certain proportion of them are soldiers under instruction, and that nearly all have at one time been subjected to military discipline. In no department in North Germany are you driven to collect the *personnel* required to be employed in war out of a purely civilian element; organisation of newly put together departments is therefore a comparatively easy task." That applies not only to the telegraph, but to railways and several other departments likewise.

2347. I forget whether you were a member of the Committee upon enlistment of messenger boys?—I was not a member of the Committee.

2348. Do you know what that Committee reported?—They recommended the enlistment of messenger boys who had acquired some little knowledge of telegraphy; that they should then be sent to Chatham and be trained there at the School of Military Engineering as sappers, with a limited amount of training, not quite so full an extent of training as we give to the ordinary sapper, and that then they should, if they liked, join the companies of sappers employed under the Postmaster General, and that then having served their time, if they were found fit for the service, they should continue in it as reserve men; if by these means we could get a reserve in the Post Office, the small force of 160 men that I was speaking of just now thus supplemented would in the course of a few years, I should hope, supply the greater part of our wants.

2349. But practically has there been much recruiting from the telegraph boys?—I believe not; but Major Webber, who is going to appear before you, will be able to give you an exact statement. I think very few boys have enlisted up to the present time.

2350. I do not know whether you have considered sufficiently the present organisation of the Royal Engineer force employed in telegraphing or its future organisation; but do you think it necessary that all the men should be placed in one division, the Post Office giving increased facilities, or might they not be placed in half companies under efficient

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Lieut. Gen Sir *J. L. A. Simmons*, R.E., K.C.B.

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Chairman—continued.

superintendence in various parts of the kingdom?—It is very desirable that they should be as much as possible under their own officers (of course their officers would serve under the higher officers of the Telegraph Department), and for the purpose of being under their own officers, I think the best arrangement and the most convenient would be to give them certain districts, so that their officers should be able to look after them and see that their discipline was kept up; and the men also would generally feel more satisfaction in working under their own officers. There is another point connected with this question which is of importance: some parts of our coasts are more assailable than others, and I think if they were placed in the districts which are most accessible in case of war, it would be satisfactory to feel that they were there.

2351. But if they were distributed in half companies under their own officers, could you not obtain a more varied experience by having them in different kinds of country; some on the coast, some in the interior, some in mountainous districts, some in plains; could you not obtain a greater experience by their being scattered under one general officer for the whole?—I do not think there is that great variety of work in England (I fancy not) which would render that essential. One district of the country, except, perhaps, the North of Scotland, would give them much the same experience as another; but I do not see any objection to their taking districts, or divisions of districts, where they were not all together; they might, for instance, take Kent, and perhaps the Norfolk district, and have a party of civilian operators in an intermediate district. I do not mean that the whole force should be absolutely together, but that they should be so arranged as that they should be under their officers whether by half companies or by whole companies.

Colonel *Alexander*.

2352. Can you tell the Committee about what time a proposal was made by the War Office to employ Royal Engineers in the Postal Telegraph Department?—It was made first in February 1869.

2353. Who was the officer who made the proposal at that time on the part of the War Office?—I do not know with whom it originated absolutely, but Mr. Cardwell was fully cognisant of it at the time, and it was made in his name.

2354. It was Sir Edward Lugard, was it not?—Sir Edward Lugard wrote the letter to the Post Office forwarding the proposition.

2355. Have you ever seen the correspondence which passed between Sir Edward Lugard, on the part of the War Office, and Mr. Scudamore on the part of the Post Office, at that time?—Yes.

2356. You have told the Right honourable Gentleman in the Chair that telegraphs in time of war are absolutely essential, as at Ashantee; do you think that in future military operations, the power to work telegraphs, as well as lay them down, should be forthcoming with as little delay as possible?—Certainly, we could not undertake a war without having means of laying and working telegraphs with the army.

2357. And for that purpose you told the Committee, in the event of any sudden emergency

Colonel *Alexander*—continued.

men in this employment ought to be in constant practice?—Yes.

2358. And I understood you to tell the Right honourable Gentleman in the Chair that that object would not be attained by practising telegraphy as a drill in time of peace?—No; the men must be constantly in the habit of working the telegraph, otherwise they get rusty at it.

2359. Therefore I suppose I am right in saying that it was the object of the War Office to organise and to employ a force in time of peace which would be available in time of war at a trifling cost to the State?—Yes; and I may state that that is Mr. Hardy's view on the subject.

2360. And, as I understand, the only condition made by the War Office, when the Royal Engineers were employed, was that they were liable to withdrawal from the Post Office in the event of war?—That was the principal condition. There were some other conditions as regards payment, but that was the condition as regards military service.

2361. It was understood, I believe, that the Royal Engineers employed by the Post Office should have received a previous training at the Royal Engineer establishment at Chatham in the theory and practice of telegraphy?—Yes.

2362. Were the men employed on this duty volunteers, or were they sent?—I think they were volunteers at the first, but we should have no difficulty in sending men if it were necessary. We adopt the system of employing volunteers as far as possible, the same as we do on the survey; but if we have trained men, and we require them, we detail them for any duty we consider them fit for. I think, in the first instance, they were all volunteers, and I believe they always have been so since, except in cases of emergency, when we have assisted the Post Office. For instance, the other day there was a storm which brought down a great many of their wires; they came to us for assistance, and the men were detailed for the duty then as a matter of course.

2363. My reason for asking you whether these men were volunteers was, that in some correspondence which is now before me it has been said, that soldiers employed in the Telegraph Department of the Post Office have not the same incentive to work as civilians; do you concur in that opinion?—Not in the least; I think they have the same incentive: they have a prospect of promotion before them if they serve well and are intelligent in their work. I should say that they have quite the same incentive as any civilian.

2364. It was provided, was it not, in the original stipulations, that men failing in the necessary qualifications should be sent back to the War Office?—Yes; and we should continue that system in the case of men failing either as to character or as to their capacity for work; in either case we should take men back to their military duties.

2365. I suppose the arrangements which apply to the Royal Engineers employed in the Ordnance Survey are applicable also to those employed in the Post Office?—Yes; in fact, the system is much the same as regards men in the Post Office as it is with those on the survey; and I may state with regard to their fitness for the work that I believe it is almost an unheard of thing (I mention this as testifying to the manner in which sappers do their work) for a complaint

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Colonel *Alexander*—continued.

complaint ever to have arisen from the conduct of sappers on the survey. For the last 40 years or more they have had extraordinary powers given to them by the Legislature; they can walk into any gentleman's house and make it a station for taking angles, or for observation; and I cannot call to mind a single case of complaint from the conduct of the men; I think that is a great tribute to them, and shows that they are to be trusted as individuals when they are away from their officers, but subject to being looked after by them, and to military discipline.

2366-7. Are you of opinion that the employment of soldiers has a tendency to keep down the price of civilian labour, and it is likewise, to a certain extent, a safeguard against strikes?—Yes, no doubt it is. I believe the Postmaster General was enabled to control a strike on one occasion in Dublin, and another, I have heard, in Manchester, by the fact of his having sappers at his disposal; and certainly in other trades we have been enabled to control strikes by means of the sappers. In the building trade, for instance. On many occasions where strikes have taken place, in building operations, we have been enabled to put sappers to the work, and so have controlled the strike, and we have been enabled to continue our works; and the same reasoning would apply to the telegraph.

2368. In your opinion, in the event of an invasion, would civilians be as competent as soldiers to work the telegraphs in the vicinity of a hostile force?—I doubt it; you must have men under military discipline. In fact, we had experience of that in the Crimea; we had a civilian force there, the Army Works Corps, and there was very great difficulty in carrying on the duties with them; there were constant complaints; their rations were not what they ought to be, or their lodging suitable; there were complaints, and it was a subject of constant trouble and difficulty with the head-quarters to keep these men satisfied, and to keep them to their work. And I should be afraid, with that experience before me, that if we were dependent entirely upon civilians in immediate contact with the enemy, where they would be subject to hardships (not that they would not stand the hardships equally well), from their not being under military discipline, it would be more likely to cause discontent.

2369. Have you ever considered the question of forming a reserve force of experienced telegraphists?—Yes. I stated to the Chairman just now, I think, that the men after passing their period of short service in the Post Office, if they were fit, and could be continued in the postal service, would form in course of time a very useful reserve; of course receiving some consideration from the military department in the shape of reserve for the power that the Government would have over them of calling them out in the event of war.

2370. It was always understood, I believe, that the officers and men employed by the Post Office should receive rates of pay corresponding with those in force for officers and men of the Royal Engineers employed in surveys?—Yes, on the Ordnance Survey.

2371. The minimum rate of pay received by non-commissioned officers and men of the Royal Engineers employed on the Ordnance Survey is, I think, 1 *s.* a day, gradually increasing, is it not, to a sum not exceeding 4 *s.* a day?—It is about

Colonel *Alexander*—continued.

that. I will not tax my memory to the exact figures; but that is about it.

2372. I see in the correspondence also, to which I have already alluded, that in May 1870 Lord Hartington, who was then Postmaster General, tells the Treasury that the rate of pay proposed for the Royal Engineers is low, and that the military labour thus employed would be in substitution of civil labour, much required at present, and with difficulty obtained. You would infer from that, I suppose, that economy was an important element in the idea of the employment of the Royal Engineers?—No doubt about it. In asking for Treasury sanction to the employment of the Royal Engineers, I think the Postmaster General made use of those very words. I think I have the letter here. Mr. Scudamore forwards a letter from Mr. Culley, the Engineer-in-Chief of the Department, in which he states that he can find suitable employment for the corps of Engineers; and he says, "As the Engineer reports that the proposed rates of pay are low, and as the military labour thus to be employed will merely be in substitution for civil labour, which is much required at present, and can with difficulty be obtained," they requested the sanction of the Treasury to the employment of the sappers.

2373. Mr. Culley, writing to Mr. Scudamore on 9th November 1869, says that the rates of pay are low, that labourers in England for such work receive from 2 *s.* 6 *d.* to 3 *s.* per diem, skilled labourers from 3 *s.* 4 *d.* to 4 *s.* 6 *d.* and 5 *s.* per diem, and that the introduction of military labour will lead to discontent among our present staff, as they would consider their rate of pay endangered. I wish to ask you whether that circumstance, although naturally annoying to the staff, would not be very advantageous in the interests of economy?—No doubt it would; but I think it should be borne in mind that the pay to which Mr. Culley alludes is the extra pay in addition to the military pay of the soldier, and that the soldier, if you consider all that he is paid, probably receives more than the civilian, although there is a less charge upon the Post Office, the military pay having been hitherto borne by the War Department; so that I do not think it would create any jealousy with civilian labour. The employment of men in that way would tend perhaps to check the rise of wages if we could give an unlimited number of soldiers; but that we cannot do; we are limited as to our numbers.

2374. But as the number of Royal Engineers is not increased by the number of men lent to the Post office, it follows, does it not, that it must be more economical to employ Royal Engineers in the Telegraph Department of the Post Office than civilians?—No doubt; but I think there is a point of economy which should be considered apart from that. I stated just now as regards the Ashanti War, that great economy had occurred from the fact of there having been a telegraph; in fact, the war would not have been brought to that prompt solution that it was if there had not been a telegraph; and I maintain that the shortening of that expedition has paid for the employment of these men in the Post Office many times over; though it is difficult to reduce it to a money calculation, I have not the slightest doubt in my own mind that the effect has repaid the outlay several times over.

 2375. I see

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2375. I see that Mr. Culley, who seems to have desired the success of the plan, writes about the same time, "The civilian staff will not I think look favourably on the arrangement." I suppose that would account to a certain extent for the jealousies that have arisen?—It would; but I really do not see why the civilian staff should look upon it in that point of view. We have had no difficulty at all in the survey. There is a large civilian subordinate staff employed on the survey and there has been no jealousy, and no difficulty in working with them; and I think it was perhaps an unfounded apprehension in this case that there might be difficulties and friction between the two; I should hope that there would be no difficulties.

2376. In October 1870, Mr. Scudamore asks the War Office for 50 additional men, but in doing so he says, "that this additional force is only required to meet the severe pressure under which the engineering staff of the department at this moment labours, and that the services of the 50 men now asked for will not be required after the present pressure has ceased." That sentence appears fully to recognise, does it not, the advantage and economy of employing the Royal Engineers when civilian labour is scarce and dear?—Yes, and that was the case when the telegraphs were laid in Scotland. They were specially applied for then, in consequence of the difficulty of finding men to carry on the telegraph works through that open country, and of lodging them; it was represented by the postal authorities that this work was peculiarly adapted for sappers, who could be encamped out, and would raise no difficulties; and furthermore, the difficulties were so great that the assistance of soldiers of the line was given to lay those telegraphs; these men are in the habit of working under the supervision of sappers; I have no doubt that the presence of the sappers enabled the work to be carried on by their means.

2377. And as the Highlands of Scotland are very thinly populated, I suppose there might have been some difficulty, except at enormous cost, in procuring adequate civilian labour?—That was one of the grounds upon which the request was made to the War Office to furnish sappers for that particular duty.

2378. Do you think civilians would have liked living in tents under the circumstances?—I cannot say whether they would like it or not, but there might be a difficulty in ordering them to do so.

2379. I observe that on the 21st of August 1871, Lord Cardwell proposed to the Postmaster General the organisation of "a military telegraph reserve force in connection with the State telegraphs." Was not this proposal to a certain extent made because the Royal Engineers were at that time employed away, as you have already told us, from their own officers, without regard to military organisation?—I believe it was, because they were rather scattered; it was with a view of bringing them more together.

2380. It was stated that the original idea was to employ them in different parts of the country in squads of some 20 men under an officer, before this proposal of Lord Cardwell's, that is to say?—Many of the arrangements in the first instance were made by word of mouth, and I do not remember to have seen in the correspondence (I was not at the War Office at the time), that they were to be scattered about in small parties of 20; but I think, in the first instance, the object being well defined, it was left to be worked out in detail according as experience might dictate, and that Lord Cardwell's proposition afterwards, to bring them all together, was due perhaps more to the experience that had been obtained in the two or three years that had elapsed since the first detachments joined the Post Office. It was thought that the time had arrived for a more complete organisation.

2381. And that military organisation and discipline is the keystone of the whole system, as you have stated to the Right honourable Gentleman in the Chair?—I think so.

2382. Lord Cardwell had, I think, in view the further object also of affording the Royal Engineers an opportunity of dealing, as he says, with the higher branches of telegraphy?—Yes, that was one of the objects. As regards the question of economy which you asked me just now, I think there is another point of considerable importance which I omitted, which is, that the telegraph stores in charge of the Postmaster General, which he keeps as a reserve to meet accidents, and which he must have with a large establishment of that sort, would immediately supply the requirements of the military service in case of war, and to a great extent render unnecessary the keeping of a double reserve, one at the War Office and one at the Post Office. I may state that in reports which I have seen from Germany, they consider that there is very great advantage and economy from having the *matériel* of the Post Office at the disposal of the military authorities in case of necessity. They have the advantage of having the latest inventions and all materials of the latest patterns; whereas if the War Department were compelled to keep a reserve of *matériel*, without opportunities for expending it in peace, it would probably in the course of a very few years in this age of progress be superseded by improved *matériel*; we are constantly obliged in the War Department to get rid of old *matériel* at a great loss, because it is almost useless from this cause.

2383. I think the idea of the War Office was at that time to organise the force on the basis of that which exists in North Germany, namely, the "Etappen" Telegraph Service?—Very much so.

2384. And to form a district embracing the more important military stations, such as Chatham, Dover, Aldershot, Winchester, Portsmouth, to be allotted to the Royal Engineers?—Yes.

2385. Do you know whether the telegraph was much used by the German army during the bombardment of Paris?—They had it laid down into all their batteries, I believe the whole of them, or at any rate very nearly the whole of them. General Walker says, "The net of wires which encircled Paris proceeded from permanent bases, of which the chief was at Versailles. During the bombardment a wire was laid into nearly every battery, or group of batteries; there had been also, from a very early period of the investment, direct communication between the headquarters of the third army, and each main body of the outposts." On the question of cost there are some facts as to what the Germans did during the war, which might be interesting. In the campaign of 1864 (that was with Denmark), they laid down about 714 English miles with

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Colonel *Alexander*—continued.

1,908 miles of wire, and 25 telegraph stations, at a cost of about 14,000 *l.*

2386. In September 1871, Mr. Scudamore writes that his department is perfectly ready to instruct in manipulation as many men as the Secretary for War may desire to have trained. Can you state whether many men have been trained as manipulators?—Not so many as we should have wished. I believe very few; but Major Webber could give you the exact number.

2387. On the 6th of October 1875 I observe the present Secretary for War writes a very important letter to the Postmaster General, recommending the extension of the employment of the Royal Engineers on the advice of his Royal Highness the Field Marshal Commanding in Chief, and pointing out their valuable services at Ashanti; are you aware of the existence of that letter?—Yes; it was written in consequence of the number of Royal Engineers employed having been reduced very considerably; and I think his Royal Highness was quite of the opinion that unless they could be increased beyond what they are at the present time, it was almost useless to keep up the fiction of a military body employed under the Postmaster General; the number was so small that there would not have been enough for us to draw from, even for the smallest war.

2388. In the same letter, the Secretary of State for War points out that in the event of war, the War Office would have no resource but to endeavour to entice men by high wages from the postal service to the Army, which would tend to cripple the postal service without giving an efficient body of men subject to military service; do you concur in that opinion?—Entirely.

2389. In connection with that letter, will you allow me to draw your attention to a paragraph in the Postmaster General's letter to the Treasury (which I dare say you have seen), in which he says, that "he has the less hesitation in making the suggestion for the withdrawal of the Royal Engineers, because he is confirmed in the opinion that no great benefit can arise from the employment of so small a body of men permanently on telegraphic engineering, by the tenour of recent communications from the Secretary of State for War." The letter to which I have alluded, I suppose, must be one of the communi-

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cations referred to?—I do not remember that letter.

2390. This is a letter, dated the 23rd December 1875, it is a reply to the Departmental Committee of the Treasury (*handing it to the Witness*)?—Yes, I remember this letter.

2391. And in the letter to which I have alluded the Secretary for War advocates, not the withdrawal, but the extension, of the area in which the Royal Engineers are employed?—Quite so.

2392. In fact, he only objects to the paucity of the numbers employed?—Quite so.

2393. Did not the Secretary of State for War write to the Postmaster General in 1875 suggesting an inquiry into the possibility of the extension of the employment of the Royal Engineers?—Yes.

2394. What was the answer, do you know, of the Postmaster General to that request; I think he declined the inquiry, did he not?—Yes, he declined the inquiry.

2395. On the ground that the withdrawal of the Royal Engineers was then under consideration?—That the whole question was under the consideration of the Treasury.

Mr. *W. B. Denison.*

2396. Did I rightly understand one of your answers to the honourable Member to be, that when men of the Royal Engineers are employed in telegraph service, the pay which they receive from the Post Office is in addition to their pay from the War Office?—Yes.

2397. And therefore the cost altogether would make the employment of the Royal Engineers more expensive to the country than that of civilians?—Yes, rather more. The system followed is the same as that in the military service of the Royal Engineers. The pay of the Royal Engineers is made up of pay and working pay. We give them a daily pay, the same as the soldiers; and in addition to that, when employed on the works we give them working pay; and it is that working pay which the Postmaster General pays them.

2398. And the two together come to more than the pay of a civilian, as I understand you?—The two together come to more, although the charge on the Post Office is less.

Major CHARLES EDMUND WEBBER, R.E., called in; and Examined.

Chairman.

2399. YOU are a Major in the Royal Engineers, are you not?—I am.

2400. And what position do you now hold?—That of a divisional engineer in the postal telegraph service of the eastern division.

2401. Have you since the commencement been in charge of the Royal Engineers under the Post Office?—I have.

2402. Since the 25th of December 1870?—Since the 20th of May 1870.

2403. And in December 1870 the eastern engineering division of the postal telegraphs was formed, was it not?—Not in its present size. A division was allotted to the Royal Engineers of about half its present size.

2404. And in 1872 it was increased, was it not?—It was.

Chairman—continued.

Major *Webber*, R.E.

2405. Is the division now a considerable one?—It contains 2,265 miles of line, and 9,960 miles of wire. Of the miles of wire 3,790 odd are on the road.

2406. How many instruments have you in your division?—710.

2407. How many officers and men do you employ?—Four officers and 43 non-commissioned officers and sappers; besides occasionally a few more, numbering as many as 10 in ordinary construction works, and assisting in maintenance.

2408. Does your force adapt itself to the division of the ordinary civil force, such as the divisional engineer, superintendents, inspectors, and linemen?—Yes; perfectly. The senior officer takes the duty of divisional engineer; the next officers, captains and lieutenants, take

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the duty of superintendents; sergeant majors and serjeants take the duty of inspector and chief clerk; the corporals take the duty, as a rule, of clerk, and some of a lineman; and sappers, of linemen, storemen, and mechanics.

2409. At present, I think, you have 56 altogether, costing the Post Office 3,863 *l.* 15 *s.* 5 *d.*?—At present I have only 47; 56 was the number which we had in the previous year, in 1875.

2410. The 47 costing to the Post Office how much?—It is 3,200 *l.* odd.

2411. £. 3,240, is it not?—Yes.

2412. When did criticisms arise in the Post Office on the cost of the division maintained by the Royal Engineers?—I became aware of them immediately after the conclusion of the sitting of the Committee of the Treasury last summer on the telegraphs. The Committee sent me a Paper which contained a statement comparing the cost of maintenance of the eastern division with that of the north-western division and north-eastern division.

2413. And a proposal was made, was it not, to place civil labour instead of military labour in the eastern division?—No such proposal was ever made to me; but I have heard of the Postmaster General's Report or reply to the Treasury Committee's Report, and I have seen it referred to in the public papers, and from that I drew the conclusion that it was so proposed.

2414. What is the average of the total paid by the War Office and Post Office proportionally?—The total pay per head is 110 *l.* about, of which the War Office pays about 46 *l.*, and the Post Office 64 *l.*

2415. That reduced to decimals makes, does it not, the War Office pay ·425, and the Post Office pay ·575?—About that; that decimal I have taken from the results of several years, being an average.

2416. Do you contend that upon the whole there has been a saving of cost to the Post Office over civilian labour by the employment of your force?—I do.

2417. I find here that as the total amount paid in salaries in six years by the Post Office to the Royal Engineers for maintenance, there is a sum of 15,362 *l.*?—Yes, that is right.

2418. You always keep, however, do you not, a redundant force?—I do.

2419. Does that amount to 1,720 *l.*?—I should like to answer that question in this way: it depends what is considered a redundant force for the maintenance of that division.

2420. A redundant force would be the number of men necessary to keep up the system of training beyond what you require for maintenance?—Yes; then I think the men under training, that is to say, the men who are not remuneratively employed, have cost out of that 15,362 *l.*, the sum of 1,720 *l.*

2421. The cost, then, in salaries of the Royal Engineers due to actual work would be the difference?—It would.

2422. How much does that amount to?—£. 13,642.

2423. Now, can you compare that with the salaries which the Post Office would have paid to its own civilian engineers, had that district been kept up by civilians?—I can compare the salaries with the salaries which I see in the Estimates as being given to individuals of the same rank, and in the same number; that is to say, that if the Post Office had employed in the division that same number, I know by the Estimates what their salaries would have amounted to.

2424. What would they have amounted to?—£. 23,725.

2425. Then the result is that you consider you have made a saving of 10,083 *l.*; is not that so?—I cannot say that I *have* made that saving; I can only say that if the civil divisional engineer, superintendent, inspector, lineman, clerk, &c., had been employed at the same work, they would have cost 10,083 *l.* more than was actually paid by the Post Office to the Royal Engneers.

2426. Is it not the case that if you require to reduce the number of persons necessary for maintaining any district, the Royal Engineers are a great convenience by having no claims for pension?—I think so; it seems to me to be the case.

2427. Is it not the case just now, that as it is admitted that there is a large excess in the engineering division of the Post Office, such excess cannot be diminished without many going into the pension list?—I am only aware as to that by report.

2428. Do you coincide with Sir Lintorn Simmons in thinking that there should be about 160 men employed both in maintenance and as clerks for the use of the army?—I do.

2429. That is not in excess of what might be required, you think?—I should rather like to put it that that is the number which would be sufficient in ordinary cases, or even moderately extraordinary cases of emergency, to supply the army with the number of telegraphists which would be required, supposing war broke out.

2430. And are you of opinion, from your knowledge of the subject, that you could not get that experience by military schools, instead of deriving it from the Post Office?—Yes, I am sure of that.

2431. Why?—Because having had experience of engineering works of various kinds in my life, I am quite certain that an amateur knowledge of any art of that kind is worse than useless, and that in order that every man should be ready for every emergency, he must not only be trained in theory, but he must be trained in practice.

2432. Have you found your sappers sufficient for the line maintenance; do they require much instruction before they become useful in maintaining the lines?—I think that after a man has been employed in constructing a line, or repairing a line for six months, that is to say, a sapper who is a mechanic already, if he is a fairly intelligent man, after having been employed six months as an assistant lineman, he can be fairly trusted to maintain a district of the size which is generally allotted to a lineman under the Post Office. But I have found many men failures, and I have got rid of them. I have perfect facility for getting rid of these men; and generally when they have made a mistake a second time, if it is a serious one, I send them off; that is to say, I get the War Office to take them away. For instance, a mistake in finding a fault; I mean to say, of course, through carelessness.

2433. Does that explain the number of men, which I see in your return, who have been removed for inefficiency?—As a rule, most of those

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Chairman—continued.

those have been removed on account of not proving efficient.

2434. Out of the 240 men that I see you have employed, 15 have been removed for inefficiency, and 28 for misconduct?—Yes; but a considerable number of those men were not employed in maintenance, because that applies to the total 212 who have passed through the service.

2435. It is 240 in my return?—Two hundred and forty is made up by 28 who went away, and came back; but nine officers and 212 non-commissioned officers and sappers, are the actual number of individuals who have been employed under the Post Office.

2436. Now, whilst your men have had considerable experience in maintaining lines, have you been able to give them that practice as to telegraphic clerks that you would desire?—No.

2437. What have been your difficulties?—That no arrangements have been made such as I think would conduce to the successful employment of soldiers in telegraph offices. A certain number have been trained, that is to say, there have been 21 non-commissioned officers and sappers placed at my request in telegraph offices, and there they have been employed for periods varying from one to two years, and many of them have learnt to become very efficient clerks, but the number 21 is of course very small. At any one time it has never been large, and at the time of the Ashanti war it was only five; we could only lay our hands upon five men whom we could trust to send abroad for that work.

2438. Is it not the case that that work is the one which you particularly desire to have your men trained in?—I think of the two it is the work that certainly requires most special training, because a soldier of the Royal Engineers begins his work as a maintenance man, as a mechanic, which gives him a very considerable facility; in fact, he has only to apply his knowledge to the particular mechanical work which he is called upon to perform; whereas a telegraph clerk is a man who has learnt a language, and I have no hesitation in saying that that requires a very special training, and a considerable amount of practice.

2439. Now may I ask, in your experience, with the surveyors of the districts, have you found many departmental difficulties to the extension of the system of employing Royal Engineers?—Not the slightest. The surveyors have always given me to understand that they would take as many soldier clerks as I sent to them.

2440. So far as the surveyors are concerned, you have received cordial support?—Nothing could be more so.

2441. Are you aware that the War Office has been desirous that extended facilities should be given for the instruction of the Royal Engineers as telegraphic clerks?—Yes. I was a member of a committee which sat in 1874 at the Post Office on the subject, and that committee was the result of a letter which was written by Mr. Cardwell to the Postmaster General, pointing out that there was one means of obtaining young telegraphists, that is to say from the ranks of the messenger-boys. The suggestion I may tell the Committee came from me; it was not originated by me, but it was made to me by Mr. Stowe, the metropolitan surveyor, who informed me that there was a large number of boys who left his service continually, whose services he thought might be very usefully diverted into the army. It immediately suggested itself to my mind that if they had acquired (and I was aware that in my district a large number of messenger boys did acquire) a certain amount of knowledge, that part of the knowledge which use alone can give, of working telegraphs, these were the very youths that I wanted; and moreover as they were many of them leaving the service without having any employment, it was a very good employment to induce them to come into. It struck me that this was an arrangement which would suit not only the Post Office very well, but also would suit the War Office very well.

Chairman—continued.

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2442. And what has been the result of the labours of that committee?—The committee made a report (Mr. Godby was the chairman), and I have never heard anything more officially in any way about the result; but I understand that the report of the committee is with the Treasury.

Mr. *John Holms*.

2443. I think you heard the evidence given by Sir Lintorn Simmons?—I did.

2444. He stated that you could give a limited number of men from the Engineers for this particular work in which they are engaged to the Post Office?—I have always understood that the Secretary of State had limited the number.

2445. I think the numbers in the United Kingdom are something like 3,500 to 4,000 Royal Engineers?—Yes, the whole corps.

2446. Then under the short service which, as I understand, is an eight-years' engagement, those men would be passing out at something like the rate of 400 to 500 a year, provided the system is carried out?—A large number would pass out; I should say, perhaps, a little under 300.

2447. Then would you tell the Committee how long, in your opinion, it is necessary to keep a man to make him a thorough engineer and soldier?—One year is sufficient to train him as a soldier, and one year as a sapper.

2448. Then at the end of that time, at the end of two years, he might be perfectly qualified to take other work, such as you are engaged in?—Quite.

2449. Then, practically, that would give you a flow of probably 1,700 to 2,000 men, provided they did go in that ratio after two years?—It would.

2450. Then there would be no difficulty whatever in getting any number of engineer soldiers to perform the duties which you now put them to under the postal service?—Provided that after their training an unlimited number could be placed at the disposal of the Post Office.

2451. Then you have no men at the present time, I suppose, that have passed into the reserve under your service?—None of the men trained in the Postal Telegraph Service have been passed into the reserve; shortly we shall have some.

2452. You, I suppose, think it would be a great advantage if the reserve stock of material in the Post Office was such as would be enough to serve both their own purposes and the purposes of the War Department in case of invasion?—I have always thought that a most important means. The reserve stores of the Postal Telegraph stores ought to be made available for assistance in time of war.

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Mr. John Holms—continued.

2453. Can you tell the Committee how that is carried out in Germany; is the military reserve of material a reserve apart from their postal reserve, or are the two in connection?—I cannot state that as a positive fact; but I know this from having been with the German army very frequently, both during actual service and in time of peace, that all the resources of the State in Germany are brought into use for military service, and that, therefore, they would never raise the question; it would never be supposed that there could be any doubt on the matter, that the reserve stores of the Telegraph Department of the State would be available.

2454. My point is this: have they in Germany one reserve of material, or have they two; one reserve belonging to the Army, and another reserve belonging to the Post Office?—The only reserve that they have belonging to the Army is of the special materials, which are only applicable for war service.

2455. For field service?—For field service.

2456. Is the Postal Telegraph system of Germany manned by the engineers, or by civilians?—Certainly not by the engineer soldiers of the army; all the population is trained to arms, and is only kept in the army while undergoing that process. The engineer soldier, as soon as he is trained as such, goes back to his employment in civil life; and, therefore, it would be altogether contrary to the principle of the German army to take that man, as we do in this country, and put him into a civil department of the State; but the moment war breaks out, every man in the reserve who is a telegraphist becomes available for the army as such; so much so, that General Von Chauven, who was Director-General of Telegraphs in the year 1866, informed me at that time, that far from there being any indisposition on the part of the telegraphists, or the employés of the civil telegraph staff, to go on war service, he found great difficulty in preventing their going, so many of them claiming to be allowed to serve in the field. So that the circumstances in the two countries are totally different.

2457. I wanted to get at this, whether they did anything to induce men who have been in the engineer service, after passing their time with the colours, to go into the postal telegraph service; they do not induce them in any way, as I understand you?—No inducement is offered.

2458. Can you tell the Committee anything about France, in that respect?—Nothing more than that all the employés, within certain ages, belong to the sedentary army; as soon as that army is called out, they are liable to become telegraph soldiers.

Mr. *Charles Allsopp.*

2459. Have you, and the officers under you, the same travelling expenses as the other divisional engineers?—Yes.

Colonel *Alexander.*

2460. The number of Royal Engineers employed by the Post Office has varied from time to time, I think, has it not?—From 21 up to 167, reduced now to 53, including the clerks in the offices.

2461. Can you tell the Committee on what principle these augmentations and reductions were carried out?—The augmentations were carried out as the necessities for assistance in the engineering branch of telegraphs arose, and the reductions were carried out at my recommendation from time to time. I considered myself responsible that the Post Office did not have in its employment more men than it seemed to me to require, and I made recommendations that the reductions, namely, from six officers and 167 men, to four officers and 53 men, should be effected.

Colonel *Alexander*—continued.

2462. Was the knowledge acquired by the men who returned to the War Office made useful in other branches of the service?—Yes. These men who were so trained have been employed, some of them, in the Persian telegraph service; others in the torpedo service; others went to the Gold Coast; some went to India, and so forth.

2463. Then the Committee may assume, I suppose, that having regard to the efficiency of the postal telegraph service, it is desirable to pass as many men as possible through the department?—Yes.

2464. Does this system allow of a frequent change of officers?—Not so frequent certainly as that of the men. The officers are responsible, not only for the training, but for the efficiency of the duties which the Post Office intrusts them with; and if they were frequently changed it would be impossible for both services to be properly looked after.

2465. Can you tell the Committee the amount of work performed in the construction of telegraphs by the Royal Engineers in various parts of the country?—Roughly speaking, they have constructed and renewed lines dealing with about 6,400 miles of wire, in various parts of the country.

2466. Do you consider that the employment of the Royal Engineers in this particular part of the work has been successful?—I think so. It has answered two purposes; the work has been fairly well done, and the men who were employed on construction, being mechanics, rapidly became fair telegraph constructors.

2467. You gave the Right honourable Gentleman in the Chair just now the proportion of the cost paid by the Post Office and the War Office in the eastern division. Have you made any similar calculation for the other divisions, and if so what is your conclusion from the comparison?—My conclusion is that the salaries paid by the Post Office in the eastern division are less in proportion to the numbers employed, than in any other division.

2468. Have you had any experience in any other department of the employment together of soldiers and civilians?—Yes, I was employed for a short time once on the Ordnance Survey. In that service the employment of soldiers and civilians together is very successful; there is no clashing; each rises in his own particular line; and it is well known amongst the civil employés that the total pay which the soldier receives is about equal to what the civilian receives for the same work; and there is no idea in the mind of the civilian that because the Survey Estimates only bear the soldiers' working pay, therefore it is to be supposed that the soldier is *per se* cheaper than he is. That fact being well known in the Ordnance Survey Department leaves no ground for any feeling on the subject.

2469. So that in an economical point of view it is also successful in the Ordnance Survey?—Yes,

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Colonel *Alexander*—continued.

—Yes, because the soldiers that are employed in the Ordnance Survey are employed upon work for which they are paid the same as the Civil staff, but the State has the advantage of retaining their services as soldiers for which they are always available.

2470. I observe that Mr. Culley says in a report on the Royal Engineers, dated the 25th of October 1875, that the number of linemen he would require to replace the Royal Engineers in the eastern division is 20, and that he could provide the necessary superintendents, inspectors, and clerks from the existing civil maintenance staff; do you concur with him in his opinion?—I have no doubt that he could. I see by a report which has been made by Messrs. Graves and Preece that there is a very large margin of supervising staff, superintendents, inspectors, and clerks, who at present are not remuneratively employed. The Engineer in Chief of the Postal Telegraphs, Mr. Culley, when he wrote that, no doubt was aware that such was the case; and under those circumstances, if he could find 20 linemen there was no difficulty in his saying that he could provide for all the rest of the staff necessary to maintain the eastern division.

2471. On the other hand, if the existing civil superintendents, inspectors, and clerks in the sub-divisions contiguous to the eastern division were withdrawn, could the existing staff of the eastern division undertake the supervision of those divisions without increasing its numbers?—Yes, I have always been aware that the supervising staff of the eastern division has been in excess of its wants. I believe I may with safety say, that I have stated so before; and if at any time a similar arrangement had been necessary there would have been no difficulty in the supervising staff of the eastern division, also finding the linemen, taking over an increased area of country. The argument tells both ways.

2472. Which arrangement from an economical point of view would be most advantageous to the Post Office?—If the Post Office had not to pension the supervising staff, which would have to be dispensed with, of course the extension of the district maintained by the Royal Engineers, so that the supervising staff now in the limited area of the eastern division should be applied to a much larger area, would be most economical. I am not aware of the amount of those pensions, but I know that those pensions must eventually lapse; so that eventually it must be an arrangement of economy.

2473. I believe Mr. Culley also says: "The Post Office cannot afford to give the Royal Engineers a larger division; for the larger the area the greater the public inconvenience in the event of the military being drafted away." Now could you meet the inconvenience spoken of by Mr. Culley in any way?—Yes; presuming that the division maintained by the soldiers was also intended in the case of prolonged war to continue the supply, necessity for which would arise, I think there would be no difficulty in the first instance in reducing the numbers, maintaining that division to the absolute necessities of the daily maintenance of the division, which is quite different from the necessities of the periodical maintenance; reducing its number on an emergency very much below even the strength put down in the report of Messrs. Graves and Preece. I should be able in a very few days to draw in, from the reserves, men who had previously been trained to take their place, men not so good for active service as those whom I should send out, so that the Post Office would not suffer; and by such an arrangement, I have no doubt that with the assistance that could be afforded from the other divisions of the country, the Post Office service would suffer little or no inconvenience from these men being suddenly withdrawn, even to three-fourths of their numbers; I should pledge myself to that result.

2474. Let me also draw your attention to this statement of Mr. Culley; he says: "The officer commanding the Royal Engineers must either (*a*) reduce staff, and its expense, until his maintenance will compare favourably with that of the civilian divisions, and by so doing make it impossible for him to train a sufficiently large corps of telegraphists, or (*b*), pass as many officers and men through the training as he can, without lessening the efficiency of his maintenance; thus saddling the Post Office with even a larger expense than at present, and placing the Royal Engineers in the false position of being considered an incumbrance." Which of these two courses, in your opinion, would be the right one to pursue?—I agree with Mr. Culley that the latter one is the right one to pursue, if it was a recognised arrangement that the Royal Engineers were there solely for the purposes of training; but at the same time I think that then no comparison should be drawn as to what it costs; or, if any comparisons are drawn, a certain sum ought to be set aside for the actual necessities of the maintenance, and a certain sum should be set aside representing the actual cost of training. If that were done, there would be no doubt or difficulty in the matter; it would then be decided, as the country must pay for the whole, who should pay for it.

2475. Mr. Culley, in the same report, says that at most the Post Office should pay the Royal Engineers no more than it would cost the Post Office to man the eastern division by its own Civil staff; and this, he adds, would be the pay of 20 linemen and mechanics. Now do you think that this statement puts the case fairly between the two departments?—No, I do not; because I think that work done, man for man, is work done; if I, or an officer acting as superintendent, or a sapper do a day's work, it seems to me that the pay for that day's work should be charged to the department for whom the work is done. The Post Office, in 1870, was quite aware that 100 men, including officers, were going to be placed at its disposal; and if, at the end of 1875, their services have been so arranged as not to be remunerative to the department, it seems to me that it must be either the fault of the individuals who had been so placed at the disposal of the Post Office, or it must be the fault of the disposal of their services; I do not think that the War Office should be responsible if their services have not been remuneratively employed.

2476. Have you read the evidence already taken before the Committee, as to the appointments made in the maintenance staff of the telegraphs before the year 1872?—I have read some of the evidence.

2477. At what date had the Post Office agreed, with the sanction of the Treasury, that the employment of a force of 100 Royal Engineers and their

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Colonel *Alexander*—continued.

their officers in the Postal Telegraph Service was desirable?—Early in the year 1870.

2478. Then, in the face of this, how can you account for the circumstance that the Post Office increased their staff before the year 1872?—The only way I can account for that is, that they did not consider that the officers and soldiers of the Royal Engineers were likely to be of so much use to them as those individuals whom they brought on to their maintenance staff. That is the only way in which I can account for it. I have no conclusion to draw from it.

2479. Have you read the evidence of Mr. Graves, taken before this Committee?—I have.

2480. If you turn to the evidence of Mr. Graves you will see that Mr. Graves, in answer to Question 1379, states that a Royal Engineer is *per se* as efficient as a civilian; now, how do you account for the assumption that he makes, that in some way or other the north-western division contrives to get a greater value of work per head out of the men employed in it?—I think that the assumption is founded on a deceptive basis, that the basis is the result of comparisons which must necessarily cause a wrong deduction to be drawn.

2481. Will you give any examples of that?—In the first place Mr. Graves, in his comparison as to the mileage of wire, only dealt with the mileage of wire on the road in the two divisions. He does not state what value should be deducted in each for the supervision of the maintenance of wires on railways, and he has not told the Committee that, if in a given area of country all the wires were on the railway, except the short branches to the towns, he would still by the present system be obliged to keep a lineman in the district to look after the offices. I will compare two linemen's districts in the eastern division. My lineman at Bromley has 290 miles of wire, and my lineman at Ely has 58 miles of wire. If I were to apply Mr. Graves' mode of comparison to these two areas I should find that, in the first case, the maintenance was only 2*s.* 10*d.* per mile, and that, in the second case, it was 14*s.* per mile. I think my linemen would naturally think my comparison a very unfair one.

2482. Can you tell me how that comparison holds good when you deal with the total mileage in the country?—The total mileage maintained in the country is as five rail to seven road; in the north-western division it is as nine rail to eleven road approximately, and in the eastern division it is as six rail to three road. Any equal comparison of this kind should be between districts similarly circumstanced.

2483. Mr. Graves, in the comparison he made, concludes that the cost of the eastern division and the north-western division is "equivalent" to the Post Office; ought it not to be rather ·575 of the north-western district?—It should be so if the districts were similarly circumstanced.

2484. Can you tell me whether there is any other division with which the eastern division will compare more favourably on Mr. Graves' basis of calculation?—Yes, there is the southern division. The proportion of the mileage wire on road and rail is somewhat similar; rather more in favour of the southern division; but, approximately, as in the eastern division, so in the southern division, the wire on the railway is about double the wire on the road.

2485. Are you aware of any other comparison which has been made by the Engineer in Chief applying to the whole country?—Yes, I have been furnished with another comparison, which I think is a very fair one. I have it here, and I know its contents. This comparison estimated the relative cost of the divisions on the actual amount of work done; and, of course, it is only in the salaries and wages that any comparison could affect the eastern division.

2486. Now, comparing the eastern division with the southern, how would it come out?—The figures are: southern, ·635; eastern, ·494. I may add that in comparison with the rest of England, which is ·551, the eastern, which is ·494, compares less favourably; but I think that the comparison with the southern division is a fairer one.

2487. Can you tell me who decided as to the true numbers of the Royal Engineers required to maintain the eastern division?—I am afraid I cannot. I submitted, before I knew what the extent of the division was, a general sketch making a proposal. I do not know whether that proposal was ever accepted or not; it was never formally accepted by the Post Office as the one which was to be decided upon, but it appeared afterwards as 62 in the printed Estimates, but I always considered when I took the division over that the number in the Estimates was very much in excess of what it should be.

2488. On what account did you reduce the number to 47?—As I mentioned to the Right honourable Chairman, because I found that the policy under which I had been acting was a wrong one. When I took over the enlarged division in 1872, I asked Mr. Scudamore this: "Am I to maintain this division entirely with a view to economical results from a telegraph point of view, or from the point of view of training the largest number of soldiers?" His answer to me was, "You are to adhere to the latter policy," and he added: "Even if it is necessarily more costly than the other divisions, in order to carry out that view, the department, for State reasons, is bound to incur the expense." I took rather a half-and-half view of the thing. I thought if I kept within moderate bounds, and passed the largest number of soldiers through that I could, I should be doing the right thing; but suddenly I found the cost of the maintenance of the eastern division subjected to comparisons which raised a very strong feeling in the minds of all those who were employed under me, and I immediately asked that a reduction, which I had advocated some time before as necessary, might also appear in the Estimates; and I have since reduced the number; in October and November I reduced the number of men employed in the division by some 16 or 17.

Mr. *Goldsmid.*

2489. Without interfering with telegraphic efficiency?—Without interfering with telegraphic efficiency; and I have since put forward a proposal to reduce them to a very much larger extent without interfering with telegraphic efficiency. Of course, when the economy is challenged I am as desirous as any man else would be, in my position, to do the work as economically as it can be done.

Colonel *Alexander.*

2490. But originally, in consequence of that conversation with Mr. Scudamore, you employed more

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Colonel *Alexander*—continued.

more individuals in the eastern division than was actually necessary for the absolute wants of the telegraph service?—Yes. In the year 1874 I employed 56; I think that 32 would have been quite sufficient on the scale that, as far as I knew, was employed in the other divisions.

2491. Referring, again, to the evidence of Mr. Graves, in answer to Questions 1341 and 1342, he says that in addition to the 90 individuals appearing on the Estimates, he employs 10 men who are doing duty as linemen, and 40 or 50 extra men in works of maintenance, a total of some 140 or 150. Is there anything like that now in your eastern division?—Yes, but to a very small extent above the 62 allowed me in the Estimates. I employed an average of about 3 or 4 more men, that is to say 65 all the year round; 65, I should say, to 70 is the maximum of men of all kinds employed in the eastern division prior to October 1875, when, as I have said, the numbers were reduced.

2492. In what kind of employment does the saving to the Post Office in the employment of Royal Engineers accrue?—Most clearly on the labour of the linemen, and the inspectors; because, as far as I am able to compare (I have very limited knowledge of other divisions) I believe that our inspector's districts are about the same size, or contain the same charge and responsibility, as the inspector's districts in the other divisions, and likewise the linemen's; and therefore, of course, if the inspector is paid only a portion of his pay by the Post Office, there is a saving; and similarly in the case of the linemen.

2493. And what becomes of that saving which would result from the Royal Engineers who are employed remuneratively?—It is swallowed up in the supervision. I think that the supervision could readily overlook or supervise a division twice the size.

2494. Will you turn to Mr. Graves' answer to Question 1378; and will you be good enough to read that answer?—In that answer Mr. Graves says: "There are one or two points to be compared, some in favour of the eastern division, some against it. The eastern division averages from four wires per mile of poles; the north-western averages seven wires per mile of poles. In the eastern division the proportion of wire to instruments is 6½ miles of wire to each instrument; in the north-western it is 6 4/5th miles of wire to each instrument. In the eastern division, besides maintaining the wires and apparatus stated, the force therein employed supervises the maintenance by the railway companies of 6,120 miles of wire and 109 instruments; in the north-western division the force employed supervises the maintenance by the railway companies of 9,084 miles of wire, and 36 instruments. The staff of the north-western maintains three systems of pneumatic tubes, and three extensive overhouse systems, both aërial cables and open wires; the eastern division has none of these sources of cost, but has a larger proportionate mileage of poles to maintain. No Wheatstone or elaborate apparatus exists in the district." Mr. Graves describes there one or two points of comparison which are in favour of the eastern division, and some against it.

2495. What have you to say on the subject?—Mr. Graves has omitted some of the circumstances which tell in favour of the eastern division. He has not told the Committee, first, that the maintenance in the eastern division is very much more divided than in the north-western, namely, out of 310 circuits which I have in the eastern division, these being the principal ones, I divide the maintenance in 244; secondly, the eastern division contains no large offices in which the instruments are concentrated, and maintained more cheaply; thirdly, the eastern division contains 49, or nearly all the circuits serving the Continent, which require special maintenance arrangements; fourthly, the eastern division is, I believe the only division in the country in which a railway company maintains part of the road system and offices, thus preventing economical arrangements in the district so circumstanced; fifthly, the eastern division has more main circuits entering the metropolis than any other division, the maintenance of which ceases at the point at which it should show greatest economy, namely, at the suburbs, where the underground wires come under the charge of the metropolitan engineer. I might add also, that in Mr. Graves's division there is a far larger proportion of underground wires, I believe, than in the eastern division.

Colonel *Alexander*—continued.

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2496. There is one more point of Mr. Graves's examination to which I will refer you; will you read Question 1358, and the answer?—The question is, "You say on that same page 8 of your Report that you are 'assured that a material reduction would be possible in the aggregate number of clerks, mechanics, and linemen now stationed in the eastern division.' May I ask you how you obtained that assurance?" And the answer is, "Certainly. From this fact; it will be observed on page 566 of the Estimates, that provision is made in the eastern division for the employment of seven clerks. In the last financial year they were 10; but by reduction it was reduced to seven; and as I conceive it possible (and should be perfectly prepared to be personally responsible for the success of the experiment) to provide for the eastern division with one additional superintendent who would have two clerks attached to him only, I am clear that a reduction in the clerical force is possible. I am not so clear of it in the other heads, because it needs personal inquiry; but if I could save five clerks out of the total number of clerks and linemen together, coming to 37, I think I should be justified in the expression of the opinion."

2497. Have you any explanation to offer in reply?—Yes; that 10 clerks, as such, were never employed in the eastern division. The Committee will understand that the bugler boys whom we employ are not very good clerks, and they receive from 1*s.* to 1*s.* 6*d.* a day. I think in criticising the clerical force in the eastern division, Mr. Graves, if he had been aware of that fact, would not have drawn such a comparison. I may say I have only one or two very efficient clerks in the eastern division, but the Post Office does not suffer for that. The remainder are very young soldiers, with very little education and very small pay; they should be more properly called writers. And as Mr. Graves has added the statement that he would be perfectly prepared to be personally responsible for the success of the experiment, I think, that with quite as limited a knowledge of the interior economy of his division as he has of mine, I may make bold to state that I should also be quite

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Colonel *Alexander*—continued.

prepared to be personally responsible for the success of any experiment which Mr. Graves would propose in the re-arrangement of the maintenance staff of England, employing Royal Engineer officers, non-commissioned officers, and men in the same places as those in which he proposes that the present civil staff be employed.

2498. Have you read the Report of the Departmental Committee of the Treasury which sat last year?—Yes, I have.

2499. I will read you this one sentence from that Report: "The total pay and allowances of the Royal Engineers employed under the Post Office are calculated so as to be about equal to the salaries of the civilians employed in the same positions in other districts, so that the telegraph branch saves, as will be seen by the figures in the estimates, that part of the pay which is provided in the War Office Estimates." Do you concur in opinion with the Committee of the Treasury in their statement that "the telegraph branch saves that part of the pay which is provided in the War Office Estimates?"—I think they should do so. As I have said already, the total pay received from the War Office and the Post Office by each individual does not exactly coincide with the total civil pay received by the civil engineering staff of the Post Office, but practically it is the same. The total pay of the Royal Engineers is rather in excess; that is to say, I take the average of the Royal Engineer staff from the estimates at 110 *l.*, and I take the average from the estimates of the civil staff at 106 *l.* The Royal Engineer is performing (admitting what Mr. Graves allows to be the case, that he is *per se* as efficient as a civilian), or should be performing, as much work; therefore he only costs the State 4 *l.* a year, that is, the difference between 110 *l.* and 106 *l.*, and for that 4 *l.* a year an armed and trained soldier is provided.

2500. That is to say, that he costs the State 4 *l.* a year as a trained soldier?—Yes; and every other trained soldier is costing the State 44 *l.* a year.

2501. And then there is this further advantage, that your men are not entitled to any pension from the Post Office?—Yes.

2502. And is it true, as stated in the same report, that "men in any degree inefficient or unsuited for the service can be removed, whereas civilians must be retained until their inefficiency or misconduct are such as to justify their dismissal"?—That is also contained in the Report of the Treasury Committee, and I believe it to be true.

2503. And "men not required can at any time be sent back to barracks and recalled for any press of work"?—I never had any difficulty about that; and I should like to add, that a great facility has been given to me by the Post Office in that respect, in leaving entirely in my hands the withdrawal and the appointment of individuals.

2504. And you also concur in the opinion, of course, that "the Royal Engineers, being under military discipline, there is no possibility of a strike"?—It is impossible.

2505. Then I need, perhaps, hardly ask you whether you concur in opinion with the Committee of the Treasury when they say that "these advantages would render a more extensive employment of the Royal Engineers a measure greatly conducive to the public interest"?—I do. Sitting as I am here, I am simply an advocate for the employment of the Royal Engineers in the Post Office for military purposes. If it is shown from my evidence that other advantages arise, I am very glad that it should be so; but I should like to have it distinctly understood that I only feel that I am the representative of the soldier in the Post Office. At the same time I think that all the advantages that may arise to the Post Office should be quite well known, and be evident to everybody.

Colonel *Alexander*—continued.

Dr. *Cameron*.

2506. In case of its being found that the cost of maintenance by means of Royal Engineers is rather greater than by means of civilians, would it not be possible to re-arrange the scale of additional pay granted to the Royal Engineers for such work?—Certainly, there would not be the smallest difficulty in the matter; it would be a mutual arrangement of accounts between the War Office and the Post Office.

2507. But I understand that your present system is to give the Royal Engineers an addition to their pay, which will make their total pay equal to that received by the civilians employed in similar capacities?—In some ranks equal, and in some ranks the soldier gets a little more.

2508. And if it were found that, man for man, owing to not having been so long engaged on the work, the soldier was not so good a workman as the civilian, there could be no difficulty in reducing the extra pay?—That is already done. I do not put a man on the rate of pay which would represent that total, until he is efficient. Perhaps he will be with me two years on that work before he receives that total amount, equal to what a civil servant gets.

2509. Is there any other instance of the employment of military engineers in civil work for which they receive pay on a similar principle?—In the Ordnance Survey they receive pay at the same rate exactly; but all over the country the Royal Engineers are employed in civil work, that is to say, in building operations; and there they are paid an extra rate, but not as high, because there they are employed upon their trades; whereas in the telegraph service they are employed upon a special business which they have to learn in addition.

2510. How is their extra pay in the Survey work regulated; I understand that in the telegraph service you give them such an addition as will, when they are efficient, raise their pay to that of a civilian?—Yes.

2511. How is their extra pay regulated in the other employments to which you have adverted?—I do not think that in the Ordnance Survey there are the same means of comparison, because, as a rule, the soldiers are employed in one kind of work and the civilians in another; but in those cases, which I have in my mind, the total pay of the soldier from the two departments was certainly not more than the total pay of the civilian from the one department.

2512. What is the actual pay from the two departments in connection with the telegraph?—I, as divisional engineer, get a pay of 704 *l.* a year.

2513. That is equal to the pay of a civil divisional engineer, is it?—Yes.

2514. And

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Dr. *Cameron*—continued.

2514. And of that the Post Office pay how much?—£.430, and the War Office 274 *l.*

2515. That 274 *l.* being your regimental pay?—Yes; for which, it should not be forgotten, I perform a considerable amount of military service, which is not exacted from the other divisional engineers. I have nearly the same pay as they have, and a good deal more work.

2516. Then, with regard to those under you?—I have a captain and two lieutenants, the average of their pay is 392 *l.*

2517. Of which they receive how much from the Post Office?—£.230 from the Post Office on an average, and 162 *l.* from the War Office also on an average.

2518. That being their regimental pay?—The 162 *l.* being their regimental pay. Then the inspectors are serjeants and serjeant-majors; they receive 59 *l.* from the Post Office, and 53 *l.* from the War Office; total, 112 *l.* That is about the same as an inspector is paid. The clerks, that is to say, the qualified clerks (because I am not including those buglers whom I mentioned), are serjeant-majors and corporals.

2519. Are they operators?—No, clerks assisting in the superintendent's and divisional engineer's office; they receive 50 *l.* from the Post Office, and 44 *l.* from the War Office; total, 94 *l.* That is the average. Mechanics and linemen, 41 *l.* from the Post Office, and 30 *l.* from the War Office; total, 71 *l.* That is above the average of the linemen in the Post Office, but not, I believe, above the average of mechanics.

2520. On what principle do you give them a sum above the average there?—Simply because I think the man's labour is worth the money. It is left to me to arrange how much he gets.

2521. We have had it given in evidence formerly (I know that you have been rebutting that evidence in your replies to the honourable Member), that man for man, the work of the military engineer is not equal to the work of the civilian; you deny that altogether?—Yes. I was not aware that any one had attempted to make such an assertion: I can only say that if it is so, the Royal Engineer has not had an opportunity of performing the work.

2522. Is it not possible that such a state of things might arise in the comparison of a permanent civil force with a fluctuating military force, which, to a large extent, is a school for military engineers?—Yes. With regard to a certain number of the men who are under training, those men I do not pay so well, and very likely they are getting more than they ought to get; but they must live. In that way the labour of those few is not remunerative, but it becomes so; and if a man's labour does not quickly become remunerative, I get rid of him. I do not for one moment combat what you have said, that such a state of things is necessarily in existence in a force which is changing. The civil divisions have no such changes going on, except those arising out of the usual lapse of time. My division has always been subject to a heavy drain of men; and in addition to performing the work of the Post Office, I have sent out some hundred individuals to the other departments of the State.

2523. You say, that "the men must live;" I suppose your men are scattered about and obliged to provide for themselves as best they can?—Yes.

Dr. *Cameron*—continued.

2524. Then the engineers engaged in the Survey are in very much the same position?—Yes.

2525. And what is the minimum pay in the two services respectively?—Precisely the same. When a man becomes a skilled man in the Survey as in the Telegraph service he receives the maximum, or nearly the maximum, rate of pay within certain limits.

2526. How much is that?—This actual rate of pay varies from 1 *s.* a day to 4 *s.* a day. As a rule few men with me rise above 2 *s.* 6 *d.* It is the same as with the Ordnance Survey.

2527. That 1 *s.* a day does not include his regimental pay?—That is in addition to his regimental pay; and when a man is continually on the move from place to place he gets 1 *s.* a night extra; but in these days a man is always out of pocket, it does not pay for his lodging.

2528. You spoke about the clerks being paid 94 *l.* a year?—Yes.

2529. What is the rule upon which non-commissioned officers employed as clerks, as hospital clerks, as clerks in the orderly room, and so on, throughout the army generally, are paid?—In the army there is a body of what they call military staff clerks; there are also orderly-room clerks, and there are clerks employed in the Army Service Corps. In addition to his regimental pay, each of those men receives an extra duty pay, which, in the case of many of the staff clerks, is higher than the pay of any of my people.

2530. Could you give me any idea of the pay of different regimental clerks of those classes?—I could not from memory, but I will ascertain that.

2531. As to manipulators, have you many of them in the Royal Engineers?—Employed in the Post Office do you mean?

2532. Yes, or men capable of being employed in the transmission of messages in the Engineers?—It is very difficult for me to state the numbers; 21 have passed through the Post Office, and as I consider the Post Office the only school for thoroughly training them, those are the only 21 I should like to trust to; but we have a large number more who have had a smattering of it in field telegraphs, and in our school, all of whom are more or less available; but the learning of manipulation is like learning a language; and it is the difference between learning a language as a grown-up person, and learning it as a child.

2533. What instrument are they taught; the Morse, or are you content with the A B C?—No, the Morse and the Sounder are the two instruments principally used in the field.

2534. Almost always together?—Yes.

2535. You have no inferior manipulators then to work the A B C?—I think that any soldier could learn to work the A B C in a week.

2536. The witness who was examined before you mentioned a case in the Ashanti War in which, he said, there was only one manipulator, and that man was ill with fever, and had to be wakened up by natives to read the messages when they came; now might not in such a case an A B C instrument have come in very handy?—The alphabetical instrument is, to say the least of it, a far more complicated instrument to keep in order than a Sounder; and I think, under those circumstances, it would not be safe to send alphabetical instruments into the field, although I should be sorry to say that I would not use any

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Dr. *Cameron*—continued.

instrument in the field which I could lay my hand upon.

2537. But it does take a man a much longer time to learn the Morse than the A B C?—Yes.

Chairman.

2538. You have stated that you have had a larger staff in your district on account of national purposes than would have been required for economy?—Yes.

2539. At one time or another, that is to say?—Yes.

2540. If you had a larger area assigned to the Royal Engineers for instruction, would it not be possible to unite economy with efficiency in a larger area?—Yes, it would be perfectly possible to attain the economy which the difference of pay ought to show, if it was not necessary to send men away before their time (that, I think, is a fair answer), I mean before the time at which, in ordinary circumstances, they would be sent away.

2541. If you required in round numbers, say 50 men in your present district, and if you had a larger area to employ any of those surplus 50 men, there would be no waste, would there, in using Royal Engineers for telegraphic purposes?—No, none whatever.

2542. Therefore your difficulty hitherto in producing good economical results has been from the smallness of your area?—Yes.

2543. Now I want to ask your attention to subjects connected with the administration generally of telegraphs, and not with reference to the Royal Engineers. In your experience of working a district as divisional engineer, is the same amount of technical knowledge required for all the parts of the maintenance of the line, such as ordinary, special, and extraordinary occasions; I will explain the purport of the question: are there not daily repairs which can be done by men who have acquired experience without high technical knowledge?—Yes, certainly.

2544. It does not require high technical knowledge?—Certainly not.

2545. But there are works upon the lines which require extraordinary technical knowledge; in the construction of a new line under difficult circumstances, and the renewal of an old line under difficult circumstances?—Yes.

2546. But for ordinary daily repairs would it require an engineer of high technical knowledge to superintend the ordinary daily repairs?—No. I think that the man who superintends it should be trained, and have a certain adaptation of mind; but when you speak of a technical telegraph engineer of a high order, I do not think that it is necessary for the daily maintenance of lines.

2547. Now which requires the most technical knowledge, the maintenance of instruments and the proper economical working of the circuits, or the maintenance of the line?—I should say, on the whole, the maintenance of instruments, particularly in the higher class.

2548. And the economical working of circuits?—I think the economical working of circuits is a question of experience which has nothing to do with engineering knowledge, and is acquired by persons who are constantly watching circuits, dealing with them, re-arranging them, and so forth.

2549. Does it not require considerable technical knowledge to know whether an automatic instrument should be put on one circuit, or whether more economy can be got out of a Morse, or a Sounder, or some other instrument?—No, I do not think so. That is a question of figures. The circumstances of the circuit being known, and the demand on it, you would then decide what apparatus you were going to use.

Chairman—continued.

2550. Then do you consider from your experience that the clerks in the offices might be trusted after some time to keep their instruments in good order?—Certainly, in all offices I would entrust the clerks with the maintenance of their instruments; but I should not demand from the clerks that work which arises out of the cleansing of batteries, although I know that in a good many cases they would be ready to do it.

2551. Is not the only difficulty as to that in consequence of its being more dirty work?—Yes; that is all.

2552. But not on account of its requiring any skill?—No; the skill is what any man could acquire with little training.

2553. But it is simply that the work is dirty work, which ought to be given to a lineman or mechanic?—Yes.

2554. What produces the waste of power just now is the present arrangement, is it not, of giving the linemen double duty to do, of keeping the instrument in order, and also keeping the line in order?—I think that the linemen might be more sparsely distributed; that is to say, if they had not to maintain offices, they might maintain more line; and I think that in all offices there is an available margin of power not at present utilised, which might go to the maintenance of the offices. I have made out in my own division the exact time that is employed in the maintenance of offices, and in the maintenance of lines.

2555. Will you first tell me whether the faults occur mostly in lines or in offices?—I think, roughly speaking, half in one and half in the other.

2556. If that is the case, is there not a continual calling off of the lineman from his duty upon the line to attend to that half of the faults which occur in the offices?—Yes; a great deal of the time of the lineman is wasted in what may be called waiting; but every linesman's district is differently circumstanced in that respect: he is waiting to be called, if necessary; you may find work for him, but you cannot in every case find remunerative work to occupy that time.

2557. But if you gave to the clerks in the office the finding out and the general rectification of the fault for themselves, the lineman would be more available for work on his line?—He would be always on his line, because he would go out on his line knowing that it was the clerk's duty to localise fault and send him word where it was.

2558. And in that way he might save half his time, and therefore the number of linemen might be diminished, I presume?—Not quite half; as 1·15 to 1·75, so is the time spent on office maintenance to the time spent on line maintenance; but those figures would vary in the various districts.

2559. Do you think that with sufficient technical assistance the surveyors could be soon made to get their officers into such working order as

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Chairman—continued.

as that the clerks would maintain the instruments, and look after the faults in the offices?—I think that for the purposes of what I should call daily maintenance, the clerks in the offices are quite capable of undertaking the duty, and as they, the clerks, are at present under the surveyors, the duty would naturally come under their supervision.

2560. Now in your own district, in what time would you undertake that the offices should be able to perform such work; could you do it within a year?—The mass of them within the year; but taking the outside limit within two years, I think, but not unless the arrangement was carried out by authority of the surveyor. I, as divisional engineer, would have no authority except by my personal influence.

2561. I refer to the surveyor entirely. The surveyor might reasonably be expected to get all his offices into working order in two years, you think, as I understand?—I think so.

2562. Supposing that the surveyor is charged with that important operation, is there much in the technical work of the ordinary daily maintenance of the wires that could not be performed under the general supervision of the surveyor by a competent technical assistant?—No; if that assistant has technical knowledge he could direct the operations of what I call daily maintenance, that is in the removal of faults.

2563. Would he not in that circumstance be very much in the same position as the Secretary to the Post Office is to the Engineer in Chief?—Yes; the technical assistant to the surveyor would be analogous to the Engineer in Chief; I mean that the surveyor and his technical assistant would be in analogous positions to those of Secretary to the Post Office and Engineer in Chief.

2564. You think that common sense aided by technical knowledge could carry out a good portion of that administrative work?—Distinctly.

2565. But is it not the case just now that surveyors' districts have been made with regard to postal purposes, and not with regard to any electrical maintenance?—That I infer. I cannot state it as a fact; but it is a just conclusion to draw.

2566. But supposing that you had a high class engineer and a high class scientific man, an electrician, in the central office, do you think that there would be any great difficulty in getting them to thoroughly inspect surveyors' districts, so as to promote uniformity of management in them?—No, I do not think there would be any difficulty; in fact, I think it would be of very great advantage that there should be more inspection than there is now, and then a real uniformity would exist.

2567. How often has your district been inspected since you have been in it?—I may say that the district has never been inspected since I have had it. The Engineer in Chief once visited it, and I am very sorry to say he met with a serious accident and was obliged to leave it for a long time. Except on that visit, and one visit to Canterbury, it has never been inspected.

2568. Then at the present moment there is no efficient inspection of the engineers' districts, done in an efficient manner, from the Post Office, so far as you are aware?—Not from the Post Office; not so far as my division is concerned.

2569. And do you think that such an uniform and constant system of inspection would be of great value?—Enormous. The result of my observation of the postal system has been, that the soul of the success of the Post Office has been its admirable system of inspection, which is absent in other Departments with which I am acquainted. The moment I came under the Post Office I recognised its admirable system of inspection, and I think it is the keystone to its success; and I do not see why that should not apply also to telegraph arrangements.

2570. The surveyors are, in fact, active inspectors of their own districts, are they not?—I understand so.

2571. And a similar system of active inspection of telegraph districts might lead to the same advantages that active inspection has led to in postal districts, you think?—I think so.

Mr. *W. B. Denison.*

2572. Is it not probable that men taken from the Royal Engineers would show greater adaptability, or rather greater readiness, to take up any work connected with their office than civilians would: for instance, the Chairman mentioned one matter, namely, the cleaning the batteries; would not a soldier in the engineers, being so accustomed to military discipline, feel himself bound to do everything connected with his office, whereas a civilian might say, "that is not part of my work"?—I quite acknowledge that if the engineer soldier were ordered by his superior officer, he would do it, no matter what it is, and would not grumble; but I should be very sorry to admit that, judging from my large acquaintance with the commercial staff in the district which I have to deal with, there is not just as much eagerness on their part to do everything that they possibly can; I should think it was a neck-and-neck race between the two.

2573. There is no distinction in fact you think between them?—No.

Dr. *Cameron.*

2574. You spoke about the clerk sending word to the lineman of any fault if he were not in waiting; if men were engaged in the supervision of a longer line, how would word be sent to them?—It would be sent at the expense of a messenger, if it were considered necessary, if the fault was of such importance. I was describing the case of a fault having occurred on the line, under the two circumstances; the present one, in which the lineman may be supposed to wait at the office until he hears of the fault and then goes out after it; the other case in which he goes and works on his section of line, performs the necessary periodical repairs of it, and the clerk who finds the fault has to advise him. It is evident that it would be cheaper for the Post Office Department (I suppose that is the consideration) that that man should be doing his periodical work on his wires, and be advised by a messenger that a fault has occurred, than that he should be kept idle at some small station.

2575. I quite understand that; but I wished to ask you, whether you contemplated advising the lineman periodically (as it seems to me might be done) by his tapping the wires, and receiving reports when on his rounds?—I did not contemplate that.

2576. Could not that be done?—The interference in the proper work of the circuit would be so great, as a rule, that I do not think it would be

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Dr. *Cameron*—continued.

be as cheap as sending a messenger to the man. But it has never been tried; and, as a rule, the lineman could not read with the kind of instrument that he probably could attach to the wire. If you ask me whether that would be possible, I should be very sorry to say it was not.

2577. Would it not be possible to invent some simple system of telegraphing, which would indicate between what points he would find the fault?—I think not, unless the instrument he placed at the wire was in sight of him, and he did not go any great distances from it; because he would have to be watching his instruments in case he were called. My idea was, that the clerk, knowing where the lineman was for the day, instead of expecting to find him waiting outside the door, or at his works or stores doing some little duty, would know, "The man is at a certain point," and would say, "I will send a messenger to him at once."

2578. Supposing the lineman to have sufficient knowledge of telegraphy to be able to receive a message on a simple instrument, might not a system of periodical communication be adopted which would prevent any difficulty?—Yes; if he were to insert his instrument at any given point of the line that he was working at, and watch it at a given hour, it is quite possible that it might be done in that way; but I think the other is the cheaper plan.

Mr. *Goldsmid*.

2579. You have been under Mr. Scudamore, as I understand, from the very first, taking over the telegraphs?—Under the Engineer-in-Chief.

2580. And through him under Mr. Scudamore?—Yes.

2581. And, consequently, as you stated to the honourable Member for Ayrshire, you constantly received instructions from Mr. Scudamore upon the subject of the working of your section?—I have two duties to perform; my duty to the Post Office proper as divisional engineer, and my duty to the War Office as making use of the means at my disposal for training soldiers. As regards the first duty, I only receive instructions from the Engineer-in-Chief. As regards the second duty, I do not receive instructions from anybody.

2582. It is left to your discretion?—Within the limits of the discretion allowed me.

2583. I understood you to say that Mr. Scudamore gave you particular instructions with reference to the number of men that you were to employ; that you were not to look at the question of economy solely from a telegraphic point of view, but you were to look at the military result?—Yes.

2584. Did you receive any other instructions from Mr. Scudamore?—None whatever.

2585. Still you have had opportunities of observing the method of managing telegraphs generally?—I had every opportunity given me of picking it up.

2586. Do you concur in the opinion which has been expressed by several officers of the Post Office, that very large economies may be effected in the general administration?—Yes; I have read Messrs. Graves' and Mr. Preece's Report.

2587. Do you concur with that, or would you indicate in what way you think from your experience economies might be effected?—One of the economies, and an important one, is that on which

Mr. *Goldsmid*—continued.

I have been already examined by the Chairman, and that is the utilisation of the spare time, or the margin of time, that already exists in the clerical staff for the maintenance of offices, that is for the daily maintenance, of course. I agree quite with Messrs. Preece and Graves as far as my knowledge goes (but of the other districts it is very limited), that the supervising staff is excessive, but I think that the present system must be very much modified to allow of the superintendents, they speak of, doing all the work that is now done, and I think that one officer for the inspection of the whole country is insufficient.

2588. How many officers do you think would be required?—I think that, supposing the plan was adopted of dividing the country up into so many districts under superintendents, there should certainly not be less than three travelling officers to inspect that work, in addition, of course, to the work which would necessarily devolve upon them in other ways. I do not mean that their time should be exclusively devoted to inspection.

2589. You do not know much about the general management from St. Martin's of the telegraph system, do you?—I know something about it.

2590. Do you think that there, perhaps, economies might be effected?—On that I should not like to give an opinion.

2591. Do you know anything about the estimates of expenses prepared by Mr. Scudamore before the purchase of the telegraph, which certainly were not verified afterwards?—Nothing more than what I have seen; I have seen the Reports, and I have seen the results.

2592. You would not be prepared to give any opinion as to the origin of the great discrepancies, would you?—I think not. I think that the principal causes for the excessive cost of ordinary maintenance, in the first instance, was the arrangement with the railway companies, by which 5-12ths of the system of wire was bodily handed over to them, to maintain in any way they pleased.

2593. I meant in the general expenditure upon the system; that you have not gone into probably?—No, I have nothing to offer upon that.

2594. Of course if you had charge of a much larger district, so as to be able to utilise your men in the way that has been proposed by an honourable Member, it might become necessary very much to increase the engineering staff of the army, might it not?—I do not think that Sir Lintorn Simmons in his evidence, naming 160 as the probable number which would meet the requirements of the War Office, contemplated that the Royal Engineers should be increased in that proportion.

2595. You say that some economy would be effected by using the Royal Engineers. The view I rather want you to look at is this: supposing that the civil engineering staff of the department were regulated upon the proper principles of economy (which I for one doubt whether they are at present), and supposing that the military section were also regulated on the same principles, would it not be clear that if you had to add largely to the military number, though you might not be increasing the amount, you would have to charge to the Post Office Estimates, you would still be increasing the charge on the country; whether you put the whole of it to the Post Office, or a part of it to the military estimates and a part

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Mr. *Goldsmid*—continued.

a part of it to the Post Office Estimates?—If you increase the Royal Engineers beyond the absolute wants of the country for time of war, you produce that result. The country provides an army for time for war; and it must also provide military telegraphists for time of war. If you employ more people than you want, you are, of course, saddling the country with too many men.

2596. The expense to the country might be just the same, whether the whole of it appeared upon the Post Office Telegraph Estimates, or a part of it upon the Post Office Telegraph Estimates, and a part upon the Military Estimates?—The pensions are less; there would be a saving there; also, in the fact that you would be employing a larger number of soldiers, whom I have described as only costing the country 4 *l.* a year each, as soldiers.

2597. As far as your opinion goes, then, it appears that the great advantage, which you think you have, is that you are able to dismiss men immediately, without any liability, if they do not prove effective in the performance of their telegraph duties?—Yes; but I think it should be fairly stated that that power only compensates for other disabilities, as you may call them.

2598. What are those?—That is to say, that the civil *employé* has more inducement to keep his place (and in that, perhaps, my evidence is slightly conflicting with that which has been already given you), seeing that his livelihood entirely depends upon it, than the soldier, who knows that he is only sent back to the ranks; and, therefore, I look upon the power that I have to get rid of my men, or rather to obtain their dismissal summarily to the ranks, as merely placing me in as good a position as those who have men under them who, when reported and got rid of, will lose their livelihood. I think that is the fair way of putting it.

Mr. *Goldsmid*—continued.

2599. In the civil service there is, to a certain extent, the stimulus of promotion, which in your service is wanting, as I gather?—No; the soldier, while he remains in the postal telegraph service, has the same inducement as the civilian; in fact, rather more; he gets his military promotion if entitled to it; and on account of continual changes his promotion in the department itself is more rapid. A lineman, for instance, would sooner become an inspector under me than in another division.

2600. As far as the postal telegraph service is concerned, quite apart from the military view, you think that the arguments for the employment of the Royal Engineers about balanced the arguments against it?—I think that is about the fairest way of putting it; I should not like to put it in any other way.

2601. On the military question, you understand that I do not ask you any questions?—Yes. I understand that you mean the advantages *per se*.

2602. Have you investigated at all the management of the telegraph system in foreign countries?—In 1866 I examined into the system in Germany, but without very much technical knowledge in the matter; and I could give you no information that would be of any use on that subject.

2603. You would not be able to tell me, perhaps, whether you think that the general system of management, in Germany, for instance, of the telegraph department is more economical than that of England?—I should say most certainly that it is more economical; but that is because it does not labour under the disabilities that the system in England does labour under. It is not hampered by the difficulties and disabilities by which our system is hampered.

2604. You have not since 1866 been able to investigate that subject?—No.

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Tuesday, 16th May, 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Charles Allsopp.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. William Beckett Denison.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Mr. Meldon.
Lord Robert Montagu
Dr. Lyon Playfair.
Mr. Ripley.
Mr. Sclater-Booth.
Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. GEORGE VON CHAUVIN, called in; and Examined.

Mr. *G. von Chauvin.*

16 May 1876.

Chairman.

2605. WHAT position do you at present hold?—I am Managing Director of the Direct United States Cable Company.

2606. How did you acquire your telegraphic experience?—I assisted my father, who was Director General of Telegraphs for a long time privately.

2607. In Germany?—In Germany. I then studied physics, chemistry, mathematics, and telegraphy at Göttingen and Berlin, and I have entered the house of Siemens in Berlin, served as an apprentice, went to the Caucasus and built land lines; then came to London, served a considerable time in London as chief electrician to Messrs. Siemens, and then I went over during the Franco-Prussian War and acted as secretary to the Director General of Telegraphs during the war.

2608. As secretary to your father, the Director General of Telegraphs, you acquired a considerable experience of the uses of telegraphy in modern warfare?—Yes.

2609. Will you describe to what services in the army telegraphs are specially useful in warfare?—We used our telegraphs first for the arrangement of transports partly of ammunition, or of all that the commissariat wanted, and of transports and wounded soldiers or prisoners from the seat of war to our fortresses at home. We used the telegraph for the regulation of the traffic in the field railways, which was very heavy, and which frequently necessitated the shunting of ammunition trains to let a train with wounded soldiers pass by, or stopping a train with soldiers to let ammunition go past. We then used our telegraph for the investment of large fortresses like Paris and Metz, where it would have been utterly impossible to have an army large enough to conclude a girdle round the whole of the fortress, our line of attack being somewhat like 20 German miles round Paris. The field telegraph was there used for the purpose of bringing together, whenever the case required it, in order to meet a sortie of the enemy, or in order to make an attack, the necessary troops at the shortest possible notice. We further used the telegraph to keep the various corps of army operating in the centre, the north, the south, and in the east of France, in permanent connection with the head-quarters of the staff at Versailles. We also used the telegraph to keep small detachments of independent corps, brigades, or divisions which independently operated against the smaller forces of the enemy, in telegraphic communication during the progress of marching, and to report whenever an engagement took place, what the effect of the engagement had been, who had been victorious, and what the losses were on both sides, and what the probable consequences would be; and then instructions were furnished from head-quarters to each division or army corps, as soon as might be, of the next steps to be taken.

Chairman—continued.

2610. I need not ask you whether the German army attached the greatest importance to the use of telegraphy in almost every operation which it undertook?—I think it was perfectly recognised by all the officers that, without the telegraph, the late Franco-Prussian War could not have been conducted on this scale at all. It certainly was recognised by the then King of Prussia, who at Versailles gave testimony to his feeling, before all his general officers, by stating that without the telegraph we could not have done what we did.

2611. Did not the German army employ three kinds of telegraphs in their war organisation?—Yes, the first and the most advanced part of our telegraph system, so to speak, is the field telegraph proper; it used to be during the late war, and presumably it would be again if another war should occur, under the command of a colonel of the Royal Engineers, who had for a long time been attached for service to the telegraph department of the State. The officers under him were officers of the Royal Engineers, the men mostly military men, not necessarily engineers; they were taken from all sorts of troops, and also a good

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Chairman—continued.

good many of the men were civilians in ordinary time of peace. The duty of this part of the field telegraph organisation was to push on into the close proximity of the enemy; they did the service in the trenches before Paris; they did the work of communication whenever an action was going on anywhere, and it was necessary to push forward almost into the fire of the enemy. The material which they used was exceedingly light, very light copper-wire, light poles which could be stuck into the ground by not too great an effort of a man ramming it down, and a large quantity of insulated wire insulated with india-rubber which was rolled out as necessity arose. They were furnished with waggons, which, I believe, are in use now in this country, containing instruments, a small battery, and a certain amount of wire, accommodation for an operator to sit in and to write in; and those waggons could be taken about by a couple of strong horses at a pretty rapid pace, and the wire could be rolled out as it went along, and keep up communication with the troops behind. The second class of field telegraphs which we used were a sort of intermediary; I cannot translate the word, it was called *etappen*-telegraphie; I do not know the word in English for it. The duty of this part chiefly was to maintain telegraphic communication between the advanced heads of our army corps and between those places which were in our possession, and which we had made centres of communication for ammunition, hospitals, and, as it were, the basis of operation for the more peaceful part of the warfare. There they linked themselves on to the ordinary network of the State Telegraphs. The State Telegraphs extended as our progress into France was going on, its ordinary strong and well-built lines across the frontier taking up the material which the enemy had left behind, and as we were gradually introducing a postal system, sanitary arrangements, judges, and all the necessary machinery of civil service into the occupied provinces, we also introduced our ordinary State Telegraph system, which was kept in constant communication with the outposts, furnished by the field telegraphy through the intermediary part of the telegraphs. In the same way these three corps might be compared to light skirmishers, to a more solid advancing line, and then a solid mass of reserves; the materials which they used were very light in the first instance, were of intermediate size and quality for the second class, and were the ordinary heavy materials for the third class.

2612. From what you have described to us, is it your opinion that soldiers must be specially trained for telegraphic purposes in the field, and that civilians could not supply their place?—I believe that a soldier would require a good training to be of any use in the field as a telegraphist; and I also believe that a civilian, as a rule, would be of very little use. It would be difficult and very irksome to place him under martial law, and operations cannot very well be conducted in an enemy's country without having everybody under your command under martial law. Then civilians are liable to grumble at the accommodation which is given to them if it is poor, which is unfortunately usually so in a campaign; a soldier knows that he has to put up with it, and expects nothing else. Another reason which is very potent is, that you cannot expect a civilian who has made up his mind to be a telegraph man for the rest of his life, and to work in a peaceful occupation, to sit in front of an enemy who is firing away at him, and to risk his life for the purpose of sending a couple of messages, whereas a soldier who has made up his mind when he joined the army that one of these days he might have his brains blown out by a bullet, cannot expect anything else, and will sit down to it as to his ordinary occupation.

Chairman—continued.

2613. Were the telegraphists employed in the Prussian Army during the war all trained in the State Telegraphs?—They were all trained in the State Telegraphs, and they might be described as belonging to two classes; the first class were soldiers who were taken from the ranks during time of peace from almost all sorts of arms. There were infantry soldiers, cavalry, artillerymen, engineers, and so on. They were put for a certain time into the offices of the State Telegraph Department, and did the ordinary work of a telegraph operator, of a telegraph linesman, of a battery-man, and all the various duties which it is necessary to perform in the ordinary telegraph department. They were placed under the command of the Civil Service officers over them, and there was practically no distinction between them and the ordinary civilian who was employed by the Government, but this was the smallest class of trained military telegraphists which we obtained; what really furnished us with a very large class of men, who were at once soldiers and telegraph men wherever a war broke out (and we had three wars, in all of which we used a good deal the field telegraph), was the fact that in Germany, formerly in Prussia, a soldier who has served his time as a non-commissioned officer, and who has borne good conduct, is entitled to employment under the Civil Service; by that means, not only the army obtains a rather better supply of men for their non commissioned officers, but it furnishes to the Telegraph Department a large class of men who, although not very smart operators, are yet very reliable men, and for the purposes of war are perfectly indispensable. I do not know what proportion of our ordinary telegraph operators in Germany have formerly served for a lengthened period in the army, but I should think it was a very large one; and the difficulty which we found whenever war broke out was not how to offer an inducement to our telegraph men to join the troops, but how to console those who were ordered to remain at home: they all wanted to go.

2614. Then you consider the German practice of giving well-conducted soldiers whenever they retire from active service a right to serve in civil offices in times of peace is a very good arrangement?—It is a very good arrangement for the purposes of furnishing a staff of military telegraphists for time of war. I would not absolutely say that it is conducive to the efficiency of the telegraph department in times of peace, because the young man who is trained up as an operator no doubt works at a higher speed, and would probably be a cheaper man than an old non-commissioned officer, but it introduces a certain element of discipline and *esprit de corps* into the telegraph service which has been found to answer very well, and to be very wholesome.

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Mr. *G. von Chanvin.*

16 May 1876.

Chairman—continued.

2615. Are you aware that lately in Germany there has been a disposition to fuse the postal and telegraph services?—Yes.

2616. What is your opinion as to the working of that?—As far as my own experience goes, I should think it was decidedly a mistake.

2617. Why so?—The telegraph service used to be combined with the postal service when it was still very young, about, I should say, 19 or 20 years ago. It was then separated and it was found to be expedient to use for the particularly technical work which is required in telegraphy a special set of men who were not taken out of the ordinary set of Post Office employés, who were not liable to be removed again back into the ranks of the Post Office employés, so that a man might make it the study of his life, his entire profession to be a telegraphic man and to remain a telegraphic man; I know that lately after the death of Colonel Meydam, who succeeded my father as Director General of Telegraphs, the Postmaster General took over the administration of the Telegraphs Department, and I know that a great many employés who were exclusively telegraph employés, up to the present moment have already been removed into other branches of the postal service proper. But I do not think that in the long run it will create any great satisfaction among the telegraphing public, and I have very strong reasons to believe that it has already created a very intense dissatisfaction among the telegraph employés themselves. They looked forward to their service as being practically their own. They felt that with the constant new developments which the science of telegraphy and applied electricity undergoes from day to day, it was necessary that men who should organise and maintain and utilise the telegraph service of the country should have nothing else to occupy their time but the very topics of telegraphy; that they should be able to give the whole of their time to it, and that nobody who was not really an experienced telegraph man should have anything to do with the telegraph service.

2618. But in the working of the German telegraphic system, up to the present time has it not been the case that the question of efficiency has always been looked to, and the question of revenue never?—As far as my personal recollections go, and that would be within a time of about three years ago, I believe that the system has never been looked upon as a source of revenue, and that whenever surplus was realised it was employed towards the extension of lines.

2619. Do you think that equally applicable to the English system, the Post Office being a direct revenue department of the State?—I think I would rather not have an opinion about the applicability to English circumstances; I have a very strong opinion as to its applicability in my own country.

Mr. *Sclater-Booth.*

2620. I suppose the postal system was hardly so highly developed in Germany as it was in England upon the introduction of telegraphy; therefore, the telegraph had a better chance of early development in the hands of the State than in this country?—It certainly was not so developed, because it was a considerable time ago.

Mr. *Cavendish Bentinck.*

2621. I understood you to say that in case of war there would be a great difficulty in preventing the telegraph officials from entering the military service?—No, I beg your pardon; the difficulty would be not to offend all those men who were not told off for war duty, and who have been looking forward to it as a sort of remuneration for past good conduct. They do not enter the military service; they remain in the telegraph service, but they are told off for military service.

2622. Will you give the Committee your reasons for that opinion?—The great reason is that almost everybody has been an old soldier, and that the soldierlike element in Prussia is so strong that whenever there is a war everyone wants to take part in it.

2623. Would serving in the field in the telegraph department absolve them from other military service?—Yes, it would, and the greater quantity of those men have gone through their military obligations towards their country, and have absolved themselves already; they are not young men, but mostly non-commissioned officers, therefore they are not under military obligation at all; but they prefer to go into the field, first, as old soldiers liking to take part in what the army is doing; secondly, of course, because their pay is an increased one.

2624. You mean that their military obligations have already ceased?—With most of them.

2625. But not all?—Not with all; of course a man who would be told off for military service as a telegraph man would not be called in for any other purpose.

2626. Might not one reason be that by entering the telegraph department they would avoid all other kinds of military service, which might be more dangerous to them?—Even if the reason existed, which would only be in very rare cases, it would not work practically, because no man would have a chance of being sent to the seat of war who had just at the last moment entered the telegraphic service; the men who are sent out are all drawn from old employés, who are trustworthy and well known to their superiors.

2627. Still there might be such cases?—I should not think so.

Mr. *W. B. Denison.*

2628. You said you thought it would be very objectionable to have the telegraph and postal service in Germany worked in combination?—Yes; my opinion is it will not work well.

2629. You have had no experience of whether it does work well or not?—No, I have nothing else but the opinions which have been expressed to me by a quantity of old telegraph employés when I was lately in Germany about a year ago.

2630. Had the two systems ever been worked together in Germany?—They used to be worked together in the beginning about 19 or 20 years ago; but they were then separated.

Mr. *John Holms.*

2631. Was it only non-commissioned officers you said received appointments on leaving the army in the telegraphic service?—I believe so. I do not believe the grade which is above the private has a right, but I am not sure.

2632. For how many years generally has a non-

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Mr. *John Holms*—continued.

non-commissioned officer served before he could obtain an appointment?—I am not sure, I think it is 12.

Colonel *Alexander.*

2633. As a matter of fact all the telegraphists in North Germany, I suppose, are liable to military service, are they not. Almost all the people employed in the telegraph department at Berlin are liable to military service at some time of their lives?—I am not quite sure; I have been trying to remember. I am under the impression they are exempt from military service, but I would not like to state.

2634. Exempt as telegraphists? — As telegraphists. At this moment I am under the impression, but I am not sure that I am right.

2635. Is it not a fact that all the State Telegraphs in North Germany were during the war under the direction of military officers?—They were under the direction of General von Chauvin, who was a general in the engineers.

2636. In time of peace are there two sets of *matériel* kept, one for the military, and the other for civilian telegraphists?—I believe that the engineers, who are told off for telegraph service, get a certain quantity of *matériel*, and I suppose they do it more for the purpose of practice than anything else. As far as I know, almost all the *matériel* is kept by the State Department.

2637. The reason I asked you was because Sir J. L. A. Simmons, in his evidence, said it was much more economical to keep one than two sets of *matériel*?—Yes, I believe there is very little, if any, *matériel* kept by the Military Department, and I think it is practically all kept by the State Department.

2638. You were asked about the Etappen Telegraph Service, which is in fact the telegraph reserve, which keeps up the line of communication?—Yes, in this sense it might be called the reserve. It would practically be what the connection between a far outpost and the reserve force is.

2639. It is an intermediate telegraph?—Yes.

2640. So that, in point of fact, from what you say, there is, I understand, no analogy whatever between the civilians employed in the English Postal Telegraph Department and those employed in the Telegraph Department of Berlin?—Very little. We have very few employés in the German service who enter young, and as civilians.

Mr. *Meldon.*

2641. In Prussia do they avail themselves of female service as much as they do in England?—No, very little.

Mr. *Ripley.*

2642. During the time of the siege of Paris you said that Paris was invested entirely by a system of telegraphic communication?—It was only possible to keep up the investment by a system of telegraphic communication.

2643. Will you state generally the number of telegraphic stations which existed in Paris at that time?—I suppose the number was about 20 or 24.

2644. From point to point instantaneous communication was, in point of fact, kept up?—Yes.

2645. And it was as you said invaluable?—I recollect distinctly that during the sortie of the 2nd December against Champigny and Brie I happened to be in a station where the messages passed to and fro, ordering battalions of infantry to advance, then asking for some cavalry, then ordering artillery, countermanding their movements and sending them to another point, and eventually bringing up a brigade at the right moment to repel the attack.

Mr. *Ripley*—continued.

Mr. *G. von Chauvin.*

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2646. Looking at Berlin, for instance, with 20 or 30 different telegraphic points in various parts of the city, is that a desirable thing to be established for the purpose of giving facilities—local telegraphs?—I think we could not do without them.

2647. They do exist?—They do exist. They do not exist anything like to the extent that they do in England, but I should look upon it as a defect that they do not exist so largely.

2648. Do you suppose they do exist in England to any large extent?—Yes, there are very many stations all over London.

2649. I mean provincial towns?—I have not sufficient knowledge of English provincial towns.

2650. You consider the system a very desirable one, and one of great value?—I think it is exceedingly desirable for business purposes.

2651. Is it better in working a system of that kind that you should have one central point to which all telegrams should be sent, and again sent out to the various districts, or that each telegraph station should communicate to the next one, directly, any message it has to send?—If the network is not too large I think a central point will facilitate, to a certain extent, the communication, but in London I should think it would be almost impossible to have a central point and to work it with any ease, because the number of messages must be exceedingly large.

2652. You think the labour, in point of fact, of transmitting a message from a district station to a central station, and then sending it out would not be very material?—It would not be very material, I think, in a place with not too large a population where the amount of traffic was not very heavy; it would certainly simplify accounts.

2653. Have you had any experience of the system which is adopted in London, to some extent now, of using pneumatic tubes, by which messages can be transmitted directly?—Yes; I have seen a great deal of it in Berlin, and, so far as I know, it has always answered very well.

2654. The system is now working there?—Yes.

2655. Do you know the extent and length of any pneumatic tube which can be worked?—No, I do not.

2656. Personally, you have not had any actual working experience?—No, I have never superintended the working of a pneumatic tube.

2657. You declined to give an opinion with reference to what might be desirable here; would you consider that in Germany the primary question should be one of giving the greatest facility to the public rather than any question as to mere payment of revenue to the State from the telegraph service?—Yes, I think so; there are two objects which have been always held in view; at all events, during the late telegraph administration; I cannot say that it is still the case, but I imagine so; the first is to furnish the public with

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Mr. Gavan Chauvin.

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Mr. *Ripley*—continued.

as many facilities as possible without increasing the amount of expenditure over that of revenue; and the second point which has always been kept in view, to a very prominent extent, was the necessity of military telegraphy in case of war.

2658. I was speaking of the public convenience; in your opinion, it is of primary importance that the public should be served thoroughly well, I will not say absolutely irrespective of cost, but reasonably within the limits of the proceeds?—I believe so.

Dr. *Cameron.*

2659. Is the charge for telegraphy throughout Germany uniform?—No, I do not believe that it is. I think there are two charges. I am not sure.

2660. Is it uniform throughout the different kingdoms?—Yes.

2661. There is no smaller sum chargeable on local telegraphs?—There was at one time a much smaller charge within the circuit of Berlin itself, but I do not know whether that has been maintained.

Mr. *Leveson Gower.*

2662. Have the charges been reduced for telegrams?—The charges have been continually reduced since the starting of State telegraphy. They used to be very high in the first instance, and they were brought down continually.

2663. You say the surplus is employed for the extension of the telegraphs; is it merely employed for the extension, and in no other way, to benefit the public as in the way of reduction of charges or any other way?—I believe that all the reductions of charges have brought in such an increase of traffic that they were paying themselves, and that the surplus was expended to provide places with telegraphic facilities which would not be able to pay the expense of the facilities if they had no subsidy from that source.

Mr. *Goldsmid.*

2664. What is the present price of a tele gram from one part of Prussia to another?—I am not sure; I believe it is about 1 *s.*

2665. A mark, I suppose?—Yes.

2666. You have been how long in England?—I have, off and on, been about five years in England; I have been repeatedly away.

2667. Have you studied the English system of management of telegraphs?—Not of the Government service; I understand the management of the private companies' service.

2668. Therefore you are not in a position to say whether you think very considerable economies might be made in the management of the Government service?—I could not say anything about that.

Mr. *Goldsmid*—continued.

2669. *Primâ facie,* I suppose you would be of opinion that if a number of different companies were amalgamated under one head, whether it be the Government or any other head, there ought to be a very considerable economy?—There might be; it would very much depend on the circumstances of the case.

2670. Economy in management and supervision?—No doubt a few salaries might be saved by having a few superior employés less, but the bulk of the staff would be wanted after the amalgamation as well as before.

2671. The telegraph staff?—Yes.

2672. You cannot say, therefore, looking at the Government management, what improvements you would suggest, because you have not considered that matter?—I do not understand enough about it, because I have never given sufficient attention to it. I might form an opinion if I were to look into it, but I am not prepared to state one.

2673. Who is the present Director General in Germany?—I do not know under whose special charge the telegraphs are at this moment. They are under the charge of the Postmaster General, Mr. Stephan.

2674. Did I understand you to say that you considered the facilities for telegraphing are greater in England than in Germany?—I believe so.

2675. In what way?—The number of offices for the same area is larger.

2676. Do you mean in London only as compared with Berlin, or all over the country?—I presume it would be so even all over the country.

2677. Consequently you do not think that any great benefit to a service could be infused by adding very largely to the number of small stations in villages, &c., not any very great benefit in the sense of increasing the revenue?—I should not think any increase of revenue would be obtained; the only thing that would be obtained would be to give the public rather more facilities, gradually educating them up to use the telegraph still more than now.

2678. The honourable Member for Bradford asked whether you thought sufficient facilities were being given, and I wanted to ascertain whether, in your opinion, there were any compensating advantages for increasing so largely the number of stations in the way he appears to suggest?—The only advantage would be that you would educate the public, but on commercial grounds certainly there would be no advantage.

Mr. RICHARD HOBSON, called in; and Examined.

Mr. *Hobson.*

Chairman.

2679. YOU are Postmaster of Glasgow, are you not?—Yes.

2680. Were you at one time a surveyor as well as postmaster?—I was in the surveyor's department as surveyor and surveyor's clerk for 21½ years.

2681. Is it not the case that, as I have asked you to come and give evidence here, you wish your views should be considered as individual views, and not necessarily those of the Post Office?—Most decidedly.

Chairman—continued.

2682. Is Glasgow a very large post office?—It is a very large office; the population of the city is about 600,000.

2683. How many clerks are employed in purely clerical duties at your office as regards telegraphing?—One; I assume you mean in correspondence.

2684. Yes?

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Mr. Hobson.

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Chairman—continued.

2684. Yes?—One clerk.

2685. And in the post office also?—Another clerk.

2686. What is the cost of this clerical force?—In the telegraph force I have a clerk on the fifth class, on the scale of 22 *s.* to 27 *s.* a week; his actual pay is 22 *s.*

2687. You have a chief telegraph superintendent, have not you?—I have

2688. What is the character of his duties?—He is responsible for the well-working of the instrument room, and also of the branch offices outside the chief office.

2689. The Glasgow postmaster also acts as surveyor to the sub-post office of his town?—Of his own town, and of his own sub-offices.

2690. Does the superintendent of telegraphs employ any portion of his time in clerical telegraph duties?—Probably about an hour a day.

2691. And the rest of his time?—He is entirely in the instrument room and at the out offices, inspecting them, and seeing that the work is going on properly.

2692. With a small superintending staff of this kind, how do you meet any extra press of work?—What sort of work; writing work?

2693. Both of one and the other?—For any extra press of writing work, I take a clerk out of the instrument room after half-past one when the work falls off. I have no extra superintendence because the force is sufficient at all times.

2694. What are your own hours of attendance at the office?—Usually from 10 to four; periodically I am on duty for 24 hours together, because I go round every duty.

2695. Are you fully occupied all that time?—Not fully occupied from 10 to four.

2696. You could take other work if it were necessary?—I could take other work if it were necessary. I may add that I have reduced my own work very largely.

2697. How?—By getting rid of extra correspondence and by curtailing the amount of paper work, as far as I possibly can.

2698. Have you curtailed stationery to any material extent?—I have reduced the supply of stationery from about 50 reams to 15 in the year.

2699. Do you consider there is obviously a great deal of paper reporting which could be curtailed with advantage?—There was a great deal of paper work that was unnecessary in the office itself. I do not mean going from the office to head-quarters, but in the office itself.

2700. How many messages are done at your office in an ordinary day, and in what you would call the busiest day?—In an ordinary day, between nine and six, I should think about 9,000 messages; in a busiest day counting transmitted double, about 14,000.

2701. How many messages for each clerk would this give for the day and for each hour?—Including or excluding the news clerks?

2702. First, excluding them?—For a busy day it would give about 66 messages per clerk per day, or about a little over eight per hour.

2703. Including the press messages?—They are not included. I have no return of them. They come in large numbers, and there are about 20 clerks employed on press work.

Chairman—continued.

2704. And how many clerks on private work?—About 180.

2705. Have you considered the reasons why the telegraphic system at present is not remunerative?—In my own view I think that we have greater facilities than we have work for, and consequently we are working at a greater cost than we otherwise should do. For example, I think we could do twice, perhaps three times, the amount of work with the existing force.

2706. Before we come to that, several reasons have been given in evidence, first, that the rate is too low; second, that the press rates are so low that the wires are flooded with work and cannot pay; next, that the ordinary force is excessive; and lastly, that the railway agreements are more in favour of the railways than the postal system; do you think any of these is the primary cause why the system does not pay?—Not any one in itself. I think all combined are.

2707. I think you have stated that another additional reason is, that you consider the wires and the clerks are not sufficiently worked?—They are not sufficiently worked. We have only work for about two-and-a-half hours; that is when there is a press.

Mr. *Sclater-Booth.*

2708. I take your answer to mean that from your experience, the reason why the telegraphs do not pay was, because you had not work enough?—Yes.

Chairman.

2709. You apply your experience as a general rule?—As a general rule.

2710. Is that state of things not a natural result of the difficulty of organising a new system at starting, with no experience?—I think so; partly because our clerks were not experienced, and we required a larger number of clerks and more wires to do the work than we do now.

2711. Is it not the case that at the present moment the Post Office is making experiments with Glasgow to try a fuller development of the wires by the Baines' system?—Yes.

2712. And the automatic system?—The automatic system has always been in operation.

2713. How many hours per day would you consider the wires were fully filled and could not do more work practically?—For about two hours as regards my own office, between 11 and one.

2714. During the other hours, if you had work the wires could perform it?—Yes.

2715. Has the result, do you think, anything to do with the attempt of the Post Office to have a 10 minutes' standard of transmission all over the country?—I think so; because if your wire can carry the work at the very busiest hour of the day with a delay not exceeding 15 minutes, it must be in excess of the requirements after the busiest hour.

2716. Do you consider, for instance, that the 10 minutes' standard is necessary for local traffic around one telegraphic centre?—For local work there should be no delay. Taking my own office, for communication from Glasgow to any outlying place, four or five miles away, there should be no delay whatever, otherwise the telegram would be of no use.

2717. A local means of sending a message might be substituted, you mean?—Yes.

2718. Do

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Mr. *Hobson.*

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Chairman—continued.

2718. Do you think the same reason applies in two distant points, for instance, Glasgow and London?—I do not think it does. I think a half-hour or three-quarter hour service to London is an extremely good service.

2719. Do you mean half an hour or three-quarter hour service from point to point?—From point to point.

2720. Does not that involve a considerably larger amount of time before the message is delivered?—I mean from the time that it is handed in until it goes out for delivery; till it is in the hands of the messenger to deliver.

2721. Could that be done for all classes of messages from distant points without destroying the traffic, for example, for messages on the Stock Exchange, and so on?—Any delay of stock work is fatal to work. I have noticed frequently that when the wires have been working badly, and there has been 20 minutes' delay on the Stock Exchange work, the work has gone down by more than a half.

2722. It would only do for a certain class of messages?—For ordinary commercial work.

2723. Supposing you had enough supply of messages to be continuous, and used duplex circuits, or a Baines' circuit, such as you are using now, you think a much larger amount of work could be got through and distributed over a day?—A great deal more.

2724. How many circuits have you from Glasgow to London just now?—Eight altogether; two, Stock Exchange; one, news; and five ordinary circuits.

2725. Supposing you had a full supply of work upon the duplex or Baines' circuit system, how many wires would do?—Of Stock Exchange or ordinary messages?

2726. Ordinary messages?—On a good working day, that would be about 80 to 85 messages per hour; on an average working day, about 50 messages per hour.

2727. Have you prepared a tabular statement of the hourly work of the London and Glasgow circuit at full capacity?—I have. (*The same was handed in.*)

2728. You have divided that into the capacity of the wires according to the state of the weather?—Yes.

2729. Dividing the weather into good weather and ordinary weather?—Yes.

2730. Its state produces very different results?—Yes.

2731. Will you state some general facts about that table for the information of the Committee?—For instance, give us the number of messages per hour that you obtain from a Wheatstone in good weather?—Eighty messages an hour.

2732. And in ordinary weather?—About 50.

2733. Now I take the duplex in the same way?—Eighty-six in good weather and about 50 in ordinary weather.

2734. And with the Baines?—One hundred and twenty in good, and 100 in ordinary; but I have done 149 on the Baines.

2735. One hundred and twenty is a fair average?—A very fair average.

2736. The number of clerks is considerably increased in working both the duplex and the automatic system, is it not?—It is; for an ordinary Wheatstone you require four clerks; you require a puncher or two punchers very often, and two writers; for a Baines you cannot get full results without six or seven clerks.

2737. The expenditure upon the clerks is met by the large increased capacity of the wire under these systems?—And by requiring fewer wires.

2738. I suppose upon this table if you take the messages per hour, and multiply by eight working hours, you would get your possible messages per day or the full capacity of the wire?—Yes.

2739. What is the working cost of a wire from Glasgow to London?—Do you mean the force of clerks?

2740. No, I mean altogether?—You pay 1*l.* a mile way leave, and 1*l.* a mile for maintenance, that would give you 800*l.* as your permanent charge; then there is the cost of the clerks who work the wire at each end. There is a proportion of cost for office rent, fire, light, and superintendence; altogether you might put the cost of a wire without the clerks' services at all at about 1,300*l.* a year.

2741. Supposing you had any system by which you could get the full capacity of the wire, what net receipts can you expect from such a wire?—If I filled it?

2742. Yes, if you obtained the full working capacity?—At the present rates about 5,000*l.* a year.

2743. Is it not the case just now that you have not a continuous supply of messages to fill the wire if you desired it?—We cannot fill a wire, and do not in practice fill the wires, except between 11 and one.

2744. Using the full capacity of a wire as you propose, implies that you take a continuous flow of messages into your office without delay?—Perhaps if I give you a statement of the messages during each hour for a day, it will give you a better idea: between 9 and 10, I had 236 messages of all sorts; between 10 and 11, 522; between 11 and 12, 663; between 12 and 1, 711; between 1 and 2, 631; between 2 and 3, 544; between 3 and 4, 472; between 4 and 5, 424; after 5, and up to 10 o'clock at night, 688; after 10 o'clock at night, and up to 6 the next morning, 107; after 6 the next morning, and up to 9, 294.

2745. Then according to your present plan, you could not without considerable delay, employ the Baines' circuit right through the day?—On all automatic circuits, there is an initial delay of about 10 minutes, becase you must punch your messages, and you wait until you have received the batch from the sending office before your turn is to send yours away.

2746. Is it not the very essence of the system, that as soon as you have run five or 10 messages through the instrument, you ought to have another five or 10 ready to follow?—So we have, if in full work.

2747. That is what I rather put; but when you begin to slack off, you would not be able to fill up the full capacity of the wire at the slack periods of the day?—We do not fill them up at the slack periods of the day.

2748. To produce the full capacity of the wire which you have described to the Committee, it would be necessary to obtain more and better regulated work, would not it?—It would; that is to say, the work must come in gradually throughout the day.

2749. Have

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Chairman—continued.

2749. Have you any suggestions to make to the Committee by which you could obtain greater work, I mean for instance, in cheapening telegraphs, or any other means of obtaining greater work, which would employ an automatic system better?—I do not think you can cheapen telegraphs unless you took away the privilege of the free address.

2750. Has not the public become thoroughly accustomed to obtain free addresses?—They have.

2751. Do you think you could take away that privilege without giving them some compensation for it?—No; I do not think you could.

2752. What compensation would you propose to give them?—I would give them a short message for 6 *d.*

2753. Including the address?—Including address.

2754. Do you mean 12 words?—Twelve words including the address.

2755. How would you propose to deal with telegraphs of 12 words?—At present, I would make the next charge of 1 *s.* for 24 words, including the address.

2756. From 12 to 24 would be 1 *s.*?—Yes.

2757. And after 24 words?—Then I would either give a rate per word, or a rate for a number of words; that is, either charge so much a word, or so much for a group of words.

2758. A halfpenny per word?—A halfpenny per word, or 3 *d.* for six words.

2759. You think that the lowering of the rate to 6 *d.* for 12 words would tap a new source of supply?—Socially, it would; a very large source of supply. For example, take Govan, which is four miles from Glasgow; men have to go down to see shipbuilders and others, and they could constantly telegraph instead of sending a messenger, "Can you meet me at such an hour?" At present, we do not have those local messages.

2760. Is it chiefly through local messages you would expect to gain increased traffic?—Largely.

2761. Would that help you for your London wires, for instance?—We should often get 6 *d.* messages when we do not now get any, I think.

2762. You think it would largely increase?—Yes.

2763. Have you any suggestions to make with regard to railway messages?—We do all the railway work at present under a system of passes, and there pass through my office about 85 railway messages a day of the average length of 24 words; those messages often fill our wires at a time of the day when we have a good deal of commercial work, and the passes are signed by anybody, and are often not exclusively on railway business.

2764. You think it would be wise to try and get some new agreements with the railways by which these messages should be paid for?—I think so.

2765. Have you any suggestion to make about modification of press rates?—We cannot make the press rates pay at present; I mean where they pay 2 *d.* for each extra copy. The sum of 2 *d.* will not pay the clerk's wages at each end of the wire where he has to transmit a long message.

2766. You suggest what?—That the press should pay the ordinary press rate to each fresh town, that is, 1 *l.* per 75 and per 100 words, according to the time of day.

Chairman—continued.

Dr. *Cameron.*

2767. That is the suggestion of the Postmaster, is it not?—I do not know.

Chairman.

2768. And per copy?—Per copy, in the same town, what they do at present, 2 *d.*

2769. Have you any suggestion to make with regard to Stock Exchange messages?—I think Stock Exchange messages should pay double rates.

2770. Why?—Because we set apart for them wires exclusively for their own use, which they do not fill except for about an hour a day.

2771. Do you require a higher class of clerks to work them?—You require the very best clerks you can, and trained clerks, because there are so many abbreviations.

2772. There may be a reason for giving the press cheap facilities; do you see any reason for giving the Stock Exchange messages peculiarly easy facilities as regards speed and price?—Only that the more facilities you give them the greater amount of work you get from them.

2773. Have you ever thought of establishing express rates for express messages?—I have, for this reason, that constantly merchants have come to me and asked to get a message through at once, stating that it is of the very greatest importance that they should get it through, at the time when there is probably a breakdown with wires, or when from other causes there may be delay of an hour or an hour-and-a-half.

2774. You think they would be willing to pay for giving them priority?—I have had offers of as much as 5 *l.* to get a message through.

2775. Have you thought of the system that the telegraph companies I think once adopted, of authorising the payment of money by telegram?—Yes.

2776. What is your opinion about that?—I think we might use it as well as the telegraph companies did; they used to charge ½ per cent. for every sum they transmitted; for example, a man wanted to retire a bill, and he did not want to go to the bank because it might injure his credit; he used to go to the old telegraph companies and deposit the money; they had a code of cypher which they sent to London, that a certain sum of money was paid in and the bill was retired in London, through the agency of the Electric Telegraph Company, I think.

2777. If I understand you, you think that the future revenue of the Telegraph Company ought to be made better by developing traffic in every direction?—I do.

2778. In directions in which the development has scarcely been sought at present?—Just so.

2779. I forgot to ask one or two questions about addresses; you proposed to take away from the public the free addresses, giving them as a compensation a cheaper telegram in lieu of it?—Yes.

2780. Is it not the case that the public could economise very much the addresses without much inconvenience to themselves?—By adopting a system of abbreviation as they do in foreign telegrams.

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Mr. Hobson.

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Chairman—continued.

2781. Are you aware that the number of words upon the average of inland addresses is about 13?—I make them about 12.

2782. In London, I think, they made them about 13 in several reports; are you aware that the number of words in an American address is three?—I am.

2783. That the number of words in Indian addresses are four, and that the number of words in continental addresses are five-and-a-half?—I was not aware of that. I know that in all foreign messages the merchants in the habit of using them register their addresses; for example, a man registers a word "Mercator," and his telegraphic address is "Mercator, Glasgow." I have in my delivery room a copy of this, saying that "Mercator, Glasgow," is to go to such an address, so that he need only have transmitted to him a telegram addressed "Mercator, Glasgow," instead of, say, Messrs. J. & J. Robb, 87, Virginia-street, Glasgow.

Mr. *Cavendish Bentinck.*

2784. That is from abroad?—Yes.

Chairman.

2785. That would not do for ordinary addresses?—For people in the habit of using telegraphs.

2786. Not for ordinary domestic telegraphs?—Not for the ordinary public.

2787. Do not you think in the ordinary domestic telegraphs, they would very much abbreviate their addresses if they were obliged to get it into a small compass?—I think so; for example, they would not give the full address of the sender. A man frequently telegraphs to his wife and he gives his whole address, whereas his simple name would do.

Mr. *Sclater-Booth.*

2788. Do not the forms of the telegraph indicate that you must give your address?—You may write it at the bottom of the form, but not necessarily transmit it.

Chairman.

2789. Have you considered the pneumatic tube system at all, as a means of economising transmissions through wires in a locality?—One of my superintendents did. I have not personally.

2790. Has he made a report to you on the subject?—He made a report which I have submitted.

2791. What was the substance of the report?—His report was this. He suggested that the public should be allowed facilities at the tube stations, to go in and write a letter which they should address themselves, and pay for that accommodation, I think, 1 *s.* 4 *d.* The letter to be sent through the tube to the nearest office for delivery.

2792. In fact, these would be pneumatic letters instead of electric telegrams?—Yes, or instead of post letters.

2793. Sent from one place to another?—Sent from one place to another, instead of employing a cab or a commissionaire to take a message.

2794. If much expenditure is required in taking away the telegraphs from tops of houses and putting them underground, might not it be worth considering the economy of having pneumatic tubes of that kind, as an aid to telegrams?—Do you mean in all large towns?

Chairman—continued.

2795. In large cities; perhaps you have not thought of that?—Pneumatic tubes are very expensive to work.

2796. Have you any suggestion to make in regard to what may be called, mercantile conversation between two merchants?—I have had it suggested to me, that if a man could make arrangements to speak fully to another correspondent at a distance, it would frequently save him a journey, and they would be willing to pay considerable sums of money for it.

2797. In a mercantile community like Glasgow, has that occurred to you frequently?—I have had it suggested to me probably a dozen times.

2798. In the different proposals you have made, you abandon the system of uniformity of telegrams which exist at present; do you not see any considerable evil in taking away the uniform system which exists now, of 1 *s.* for 20 words?—No, I do not see any great difficulty in overcoming it. We have in the Post Office various charges for letters, for book packets, and also for registered letters, and if a man wants a quicker delivery he pays a fee for a private letter-box, in order to get his letters before the general public.

2799. The proposals you have made are very much in the direction of the present postal facilities, given for higher payment?—From my point of view they are.

2800. Do you think that any economy in working, preventing dual travelling and dual reports, might be made by giving to the surveyor of a district the charge of the telegraphic maintenance both outside and inside the office?—I think so, because frequently both men are going over the same ground at the same time.

2801. In Glasgow, do you see any means of producing a large economy in that direction?—I believe a proposition has been already made to reduce the cost of the engineering force at Glasgow. It might be reduced considerably.

2802. What I was referring to was whether a surveyor in a large telegraphic centre like Glasgow, might be economically employed in looking after the offices around him?—I think so, because you are on the spot, and you have the means of ready communication with every office.

2803. How do you think economy might be produced in that way?—I think you would save a great deal of the present inspecting force.

2804. Of the engineering inspecting force?—Of both forces.

2805. In what manner?—Because papers would not pass backwards and forwards between the engineers and the surveyors. One man would deal with both cases, and he would deal with them more quickly; for example, he would put a fault right by having the linemen under his own control. He could put a fault right at once, or, his postmaster under him could, because if the surveyor were responsible he would have charge of the linemen, and the postmaster as his officer would give instructions to the linemen without waiting for it to go through an engineer.

2806. Have you any experience of the working of the special branch department in your office?—Both at Glasgow and also before I left England.

2807. Could

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Chairman—continued.

2807. Could you have done the work that is entrusted to that special branch department in both positions in which you were from the local agencies then existing?—I could.

2808. Do you think that that could have been done in places less favourably situated than yours?—Take York, for example. I could have no difficulty in making the arrangements for the race meetings at York, in conjunction with the neighbouring surveyor; for example, I could have borrowed clerks from Leeds, and I could have drawn clerks from Newcastle, enough to do the whole of the work.

2809. Without a special branch coming down to you?—Without a special branch coming down.

2810. Have you found it interfere at all with your ordinary working when they have come down to you?—At Glasgow I have to a slight extent.

Mr. *Sclater-Booth.*

2811. You seem to think that economy might be effected by completely utilising the capacity of your wires?—I do.

2812. And you would propose to do it by deferring for a certain time messages of lesser importance?—No, I do not propose that; I would not prefer any message unless you paid an express rate for it. If I understand your question you mean I would defer a message having a lower rate of pay.

2813. No, that you would defer certain messages which do not require too great a speed of transmission until a time when your wire was free?—No, I would treat them all alike, unless you paid a special rate that your message should go at once.

2814. When you speak of some messages as to which three-quarters of an hour might be a reasonable time for them to be upon the wire, I understood you to say you would defer those messages until after more important messages had been transmitted?—Those were commercial messages.

2815. Do you mean that?—I mean the stock messages.

2816. Do you mean you would defer certain messages and prefer others?—If you paid special rates I would.

2817. You spoke of this plan long before you spoke of the express rates. You spoke of some messages as requiring immediate transmission, and others as not so important, namely, messages going a longer distance?—Just so.

2818. Do you mean to say you would take upon yourself or your department the responsibility of discriminating between messages?—No; I would treat all messages alike; for example, supposing I had a dozen messages entered in at a 6*d.* rate of 12 words.

2819. Your observations had nothing to do with the rates; I understood you to say you would desire to employ the hours in the day when you were most slack of messages coming in, in transmitting those messages which had been waiting until such a leisure period arrived?—I do not think I did.

2820. Then I do not understand by what means you see your way to utilising your wires during the whole period of the day?—Because I think by altering the rates you would get more messages at other times of the day. I think you would get more messages from people who are not now in the habit of telegraphing.

Mr. *Sclater-Booth*—continued.

2821. What reason have you for that?—Many people will not pay a shilling.

2822. Do you think anybody telegraphs who does not expect his message to go off at once?—Yes, constantly.

2823. Do you think anybody would send a telegraphic message, and let it be at the option of the officer as to when it should be sent?—It is constantly done in the case of a breakdown. We always put up notice of a delay, but I never found any notice of a delay affect the ordinary commercial message, and unless I put up a notice to the effect that we would only accept it at the sender's risk, I never found the messages fall off.

2824. That is hardly an answer to my question. Do you think that one sender, as compared with another, would be content that his message should be deferred on account of the supposed superior importance of the other?—I think he would, because he would give it in under those conditions.

2825. Do you think the public would be satisfied to know that by payment of an extra fee any amount of messages could have priority over their own?—I think so.

2826. Do you think there would be any opening to jobbery or favouritism in such an arrangement as that?—No, because the payment of the message would determine its order of precedence.

2827. You think the ordinary sender of a message would be content not to know that it would be sent as rapidly as possible? Does not he require security that it should be delivered as rapidly as possible? In other words, do you think that there is among the people a large number who would like to send telegraphic messages without any security that they would be sent as rapidly as possible?—I think so. A large number of people send messages simply to save themselves the trouble of writing a letter.

2828. You said you thought the surveyor might do a good deal of the engineering and inspecting of the works of his district. You would not go so far as to say that he could do the whole of it, I suppose?—Not the whole of it.

2829. Therefore, technically, a scientific officer would still be required for the inspection and survey of every telegraph district?—That must be so, because the surveyor could not undertake the erection of a line of poles or wires.

2830. You would not consider that an ordinary surveyor would be competent to do work of that kind?—I should not.

Mr. *Cavendish Bentinck.*

2831. Do I understand you to say that in your opinion the postal system is over-forced and over-wired?—At present.

2832. How much more work do you consider the present force of wires is capable of doing?—Take my own office as an example; I could do in the eight hours probably three times the work I have got.

2833. What number of extra messages do you expect to obtain in that way?—Probably 10 per cent.

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Mr. *Hobson.*

16 May 1876.

Mr. *Cavendish Bentinck*—continued.

cent., and then there is the ordinary rate of increase of telegraphy besides.

2834. If during the busiest hours of the day you had this increase of three times the amount of work which you now have, what would be the delay of messages to and from London and Glasgow?—Perhaps three-quarters of an hour.

2835. That is during the busiest hours of the day?—That is during the busiest hours of the day.

2836. Do you think that that delay would ever considerably diminish the number of messages?—No, because for about a fortnight recently I have been doing the whole of the London work with three wires. After the recent breakdown I had for about a fortnight only three wires to do my whole London work, instead of five, and I got through it without a greater delay than half an hour, and had no complaint.

2837. And no falling off in the number of messages?—No.

2838. I understood you to say the Stock Exchange messages must be delivered within a very short time, or they would be of no use?—Yes.

2839. Do not you think that such messages as those by sugar brokers, and iron merchants and others, as to matters of trade, require to be as swiftly transmitted?—The ironbrokers used to have the same facilities that the stockbrokers now have, but since the transfer they have not had those facilities, their work takes its turn with the ordinary commercial work. They did complain at the time of the delay to which they were subjected, but of late there have been no complaints.

2840. Was that the case with other trade brokers too?—No, only from the ironbrokers.

2841. How about the sugar brokers?—I have never had any complaints from them.

2842. Do they not have the same facilities now as the Stock Exchange?—No, they go over the ordinary commercial wires.

2843. You think the Glasgow merchants would not complain if their messages were delayed?—No, because, as I propose, they would have an option of sending their messages immediately by paying higher rates.

2844. The Stock Exchange do not pay higher rates now?—No.

2845. They only have a preference?—They have special wires over which only stock work is done.

2846. They pay nothing for it?—They sometimes give accommodation in the Stock Exchange without charging any rent; that is the only equivalent.

2847. As regards this proposal for the alteration of the rates, let us take the sixpenny rate first. You propose that a message of 12 words, including the address, should go for 6 *d.*?—I do.

2848. Do you not think that would result in nearly all the messages going for 6 *d.*?—No, I have looked very carefully into it, and I believe about 4 per cent. only of existing messages would go at that rate.

2849. You have paid some attention to the Continental system and the Colonial system, and you must know that a cypher is very generally adopted. For instance, if a man wants to telegraph to Australia, a kind of cypher is agreed upon and one word stands for a sentence, and so on?—Yes.

Mr. *Cavendish Bentinck*—continued.

2850. You have also heard, I dare say, in the old days before the penny postage came into operation, that persons who had to send letters where high postage was charged, made use of the same species of cypher?—I have heard that.

2851. In fact you know that it was so?—Yes.

2852. Do not you think that the natural sharpness of people who send telegrams would immediately arrange matters so that the vast proportion of telegrams would go for 6 *d.*?—Then charge a cypher message as we charge a cypher message abroad, at a higher rate.

2853. I am asking you whether you do not think that some of these old devices which were so successful, and which are still successful, would be applied by the public in such a way that practically all messages would go at 6 *d.*?—I do not think they would where the charge is small.

2854. You cannot say it would not be so?—I cannot; but then I should meet it by charging a double rate, as is done for Continental messages, when in cypher.

2855. The message is perfectly intelligible; there is nothing to show you that it is in cypher. It is only the use of one particular word?—We can tell every foreign message that is in cypher. We are obliged to do it on account of the charge.

2856. There might be many messages which were composed in such a way that there would not be any suspicion on the part of the officials that they were in cypher. You do not deny that?—I think it would be exceedingly difficult to make a cypher message convey a correct meaning, written in ordinary language.

2857. It would not be impossible?—Pretty nearly, I think.

2858. But not impossible?—I should hardly like to say not impossible, but I think it would be most difficult.

Mr. *W. B. Denison.*

2859. What is the average cost of each message an hour?—In my own office the average cost is about 1·36 *d.*, including everything except stationery.

2860. We were told that the average cost of messages was about 4 *d.* or 5 *d.*?—It costs me, for clerks' service, for rent, for firelight, for every charge except stationery, 1·36 *d.*

2861. Then you do not take into account the cost of wires or instruments?—No; that is simply the cost of the clerks' service, the rent of the building, and the firelight.

2862. Are you able to make any calculation as to the reduction of expenses in reducing the messages which are now 20 to 12 words?—I made a calculation of the amount of work you could earn on a wire, doing work at 6 *d.*

2863. Your wires are not full now?—They are not.

2864. As to the question of priority, I understand you to say that if your wires were fully employed, the Baines' machine was the best?—It will do the largest amount of work.

2865. The operation of the Baines' machine is that you put in five messages at a time?—All automatic instruments are worked in the same way. We send in batches of six or twelve, as the case may be.

2866. You

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Mr. *W. B. Denison*—continued.

2866. You put in six or twelve at a time?—Yes.

2867. Under that system, how would you deal with the priority you propose?—By punching it first on the slip.

2868. Do not six go through at once?—Yes; but the one first received is first written off.

2869. To what extent would that have priority over the second?—Assuming that I had a delay of a quarter of an hour, the message in that case, instead of waiting its turn and going a quarter of an hour later, would go at once; therefore, it would, in that case, have a priority of a quarter of an hour.

2870. What sort of messages should you expect to get if the price was reduced in Glasgow from 1 *s.* to 6 *d.*; you answered the Chairman that you would get them from the seaside?—Many messages; for example, saying a man is not coming home to dinner: instead of sending the message by tram-car, which costs 3 *d.*, and the cost of the messenger besides, he could telegraph for 6 *d.*

2871. What messages could you hope to get between Glasgow and London of that sort, because it is there your deficiency is; you have plenty of local work?—We have very little local work.

2872. That is a matter of opinion; I should like to ask you whether you, as a sensible man, have any reason to believe the public will be satisfied if the scale of prices, instead of being a fixed rate, were a changeable or variable rate, as you propose?—I think they would; the business people, I am certain, would be satisfied with it.

2873. That an office which is established by Government for the service of the public should be applied to one man in one way, and to another man in another way?—Every man would have the same right if he made the same payment. For example, if I want my letters in a town considerably before my neighbours, I rent a private box. I pay a special fee for it, and I probably get my letters an hour and a half before my next door neighbour.

2874. Then you do believe the public would be content with it?—I do.

Mr. *John Holms.*

2875. I suppose you believe the public would be pleased to pay for what they get?—Yes.

2876. Therefore you endeavour to fix that by fixing the price for the number of words?—That is my object.

2877. Then you endeavour to make it also clear to the public that they can get a quicker delivery or a slower delivery, according to the price they are pleased to pay?—Just so.

2878. You propose that the Stock Exchange people should pay double?—I do.

2879. Is that double what they pay now, or double the new scale?—Double the new scale.

2880. Then you propose that, as to all messages of pressing nature, they shall pay extra rates?—I do.

2881. In fact you propose to carry out in the Postal Telegraph Service precisely that which is carried out in the Postal Service itself; that is to say, the Postal Service has halfpenny cards and penny postage stamps, and registered letters; you would give as much variety as you could to meet all the requirements of the public?—I would.

Mr. *John Holms*—continued.

2882. Have you, in making these various calculations, come to any conclusion as to how the revenue would stand in relation to the Telegraph Service?—I believe it would increase the revenue. I had a calculation made that it would increase the revenue by little over 6 per cent.

2883. The whole of the Telegraph Service?—The whole of the Telegraph Service.

2884. Do you mean the gross or the nett revenue?—The gross revenue.

2885. How about the nett revenue?—The nett revenue would be decreased simply by the additional cost of stationery for the additional messages, and for the delivery of additional messages, and for the commission which is paid to those offices which are paid by results.

2886. How much might that come to, do you think in the gross?—Possibly 2 per cent.

2887. For what period is that calculation made; is it for a year or two years?—That calculation is made on an examination of existing messages, to show what may be sent under the rates I propose.

2888. You must have an increase in the number of messages sent, or else you could not have that result?—That result is given on the existing number of messages; that calculation is made on the existing number.

2889. Taking your various offices?—Yes.

2890. As to the question of cypher, of course your object would be to give the public what advantage you could, and of course if they send messages by cypher, you do not object to it?—No.

2891. Is it not the case that the cypher is never used except by people who are in the habit of sending a great number of messages?—As far as my experience goes, that is the case.

2892. I suppose in 999 cases out of 1,000 they would certainly never think of using the cypher?—I never saw a cypher used in an inland message.

Mr. *Allsopp.*

2893. You have given us these opinions as your own private opinions?—Entirely.

2894. Have you ever given them to the head office?—I did about a week ago.

2895. Have they met with favour, or the usual official reply?—I am not able to say; I have had no answer on the subject.

Colonel *Alexander.*

2896. You told the honourable Member for Hackney that you were in favour of charging the Stock Exchange messages at a higher rate than other messages. Would you do the same with racing telegrams?—Yes; I would, from the racecourse. Wherever you give special facilities I should think you should make a special charge.

2897. There is a great deal of trouble and expense connected with the despatch of racing telegrams, in consequence of bad writing, as we were told the other day, and for other reasons?—I do not know about the bad writing; but you are obliged to make special arrangements, which entail expense, because you are obliged to draw clerks from a distance to do the extra work.

2898. Do you not think racing men would

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Mr. Hobson.

16 May 1876.

Colonel *Alexander*—continued.

send as many telegrams if a higher rate were imposed?—I think they would.

2899. Therefore it would be desirable, in the case of racing telegrams, to increase the rate?—Wherever you give special facilities of that sort I would increase it.

2900. You do give special facilities?—We do.

Mr. *Meldon*.

2901. You were engaged in England before you went to Glasgow, I think I understood you?—I was.

2902. The busiest hours in Glasgow are from twelve to two, are they not?—Between eleven and one.

2903. Throughout the entire kingdom are those the busiest hours at the telegraph stations?—From half-past ten to half-past one, over the whole kingdom, would be a perfectly fair statement of the busiest hours of the day.

2904. As far as your experience is concerned, the clerks have not their time fully occupied, except during those hours, throughout the whole of the telegraph stations?—That is so.

2905. Did you ever consider whether it would be prudent to fix a special charge for messages to be sent during those hours of a shilling, and to allow the messages to be sent at other times for sixpence; how would that work?—It would practically be almost letting every message go for sixpence, because we can do the work just now within a quarter of an hour, and where there is no delay no one would pay a higher rate for a message.

2906. I understand your proposal is not to reduce the rate, but to increase the rate for extra or special speed?—And to take away free addresses.

2907. At the present time there is power to make special contracts, is there not, in the case of the Stock Exchange and press messages and special wires; is there any reason why that power should not be extended to allow the authorities to enter into a special contract for any purpose they think fit?—I hardly understand the question. We make no special contract with the Stock Exchange.

2908. Have not they the use of special wires?—They have wires set apart for their use.

2909. Whether those wires are engaged or not, they are entitled to the wire for their special use?—In practice they have the wires. I should not say they are entitled to them.

2910. The press also have special wires?—During the night.

2911. Those are special privileges that are given to the press and the Stock Exchange?—The press pay for their special wires a special sum per annum. The Stock Exchange only pay the ordinary rates for their messages.

2912. Do the press pay more than if their messages are sent as ordinary messages; is it not a privilege that they have the use of the wires on the present terms?—I can hardly answer that question, because I do not know what amount of work is sent over the wire during the time it is hired.

2913. Is it not the fact that a great number of persons use the telegraph who really are not in a very violent hurry to have their messages delivered; that a person who wishes to save the post would use the telegraph from here to Glasgow, and if he got an answer in four or five hours, that would be sufficient for the purpose?—In very many cases.

Mr. *Meldon*—continued.

2914. Do you suggest, or do you think it would be a good plan, to reduce messages of that kind to 6 *d.*?—I would not make a reduction to 6 *d.* without taking away the privilege of free addresses, because if you give a sixpenny message without that, we should practically get nothing but sixpenny messages.

2915. Would you take away the address altogether?—Altogether.

2916. Assuming the address occupied 13 words, you would reduce the message, in point of fact, to seven, according to your plan?—If the address occupied 13 words, it would leave 11 words for a shilling message.

2917. At present there are 20 words?—In the body of the message, and the free address.

2918. If you left 24 words it would leave things exactly as they are at present?—Provided you reduce your address from 13 to 4, you could then send 20 words for your shilling, and four for the address.

2919. Would it not be a better plan to allow a reduced number of words, or a message of 25 words for a shilling, including the address?—Twenty-four words is at the rate of a halfpenny per word. You have a point from which to start for a higher charge.

2920. What you propose would be to increase the number of words in the message, and to prevent the address going free?—I should propose to give the public the option of sending a long message or a short one, as they choose. I think that under my proposition the number of shilling messages which now go would not be interfered with, because by registering the address, you could leave the text 20 words, and take four words for the address. I would practically take away no privilege from the public which they have already got.

2921. Practically, your suggestion is this, that the number of words in the message should be increased, but that no address should go free?—That is so.

2922. Will you tell me why it would not be prudent to make the charge for messages only sixpence, except during the busy hours of the day?—I never considered it in that light; I do not think it would be, because we should then lose all the shilling messages which we now get after the busy hours of the day.

2923. On the other hand, would not the wires be kept much fuller; would not there be twice the amount of business done, if the message were only 6 *d.*, when they were completely idle?—Twice the amount at 6 *d.* would not pay so well as half the amount at 1 *s.*, because you would have an increased cost for stationery, delivery, and every expense would be increased.

2924. What is the length of time it takes for a message to get from Glasgow to Dublin?—Ordinarily, under 10 minutes; very often I have seen them going in three or four minutes

2925. I mean from the time of delivery in to the handing in of the message to Dublin?—I mean from the time the message is given in at the counter till it is acknowledged in Dublin.

2926. How

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Mr. *Ripley.*

2926. How many districts have you under your charge?—I think four; four offices worked by my own staff.

2927. How many postal telegraph offices have you in the city of Glasgow?—About 16, I think.

2928. And four in addition to those?—Including those.

2929. The whole of those are connected directly with the head office?—Yes.

2930. Are they connected with each other in addition to being connected with the head office?—No.

2931. There is no communication between one office and another by which a message could be sent direct?—No.

2932. Would you think that in a large city like Glasgow it would conduce to the public convenience and also increase the revenue of the Telegraph Department if those offices were all connected with each other, so that a person could send a message direct all over the city of Glasgow?—I hardly think so, because where small offices communicate with each other, a certain amount of time is lost in calling attention; you lose more time in calling the attention of the office to which you send the message than you do by sending to the central office, and getting it sent out.

2933. Double labour is involved?—Yes.

2934. On the supposition that these sub-telegraph offices were more efficiently manned, would it not be more ready and less costly that the message should be sent direct instead of to the central office?—Assuming you could work as well from office to office as from the out office to the central point, then of course it would save labour and expedite the work.

2935. Is it your opinion that if additional facilities were given for these various out places, in connection with our large towns especially, of access to each other by telegraph, a considerable amount of increased business would follow, and also on the supposition that the charge was reduced, say to sixpence, for a similar message to that which you propose?—The answer really resolves itself into this: if I could deliver the messages from, say point A to point C, as quickly by passing them through the central point at B, I should gain no increase of traffic if I had a direct wire from A to C.

2936. What I mean is this, would you think that if greater facilities were given for the communication from point to point, A to B, and B to C, in our large towns especially, that it would not contribute to increase the revenue of the department as well as giving additional facilities to the public?—If you can deliver your messages more quickly than you can send them by hand, I think it would.

2937. There comes in the question of cost; for instance, take several of our large towns which are five or six miles across in every direction, where you could not send a messenger at such a cost as you could send a message?—The cost would be much the same; I am not alluding to London, because I do not know enough of it, but speaking of Glasgow, I could send a messenger for about a shilling from any part.

2938. Not with the same speed?—No.

2939. You have had no experience at all with reference to the pneumatic tubes in Glasgow?—I have only one to the Royal Exchange from the central office.

Mr. *Ripley*—continued.

2940. You expressed an opinion that pneumatic tubes were more costly to work than the telegraph system?—The cost of laying down.

2941. The cost of working, I understood?—Because you have the cost of an engine and the engineer's wages and coals, and a considerable amount of space.

2942. If, as we have it given in evidence, the pneumatic system could be worked very much cheaper than the telegraphic system where it is available, would you think such a system was desirable to be employed in our large towns, especially for sending, not merely messages of a few words, but for the transmission of letters?—Do you mean of single letters?

2943. Yes, at cheap rates?—At telegraphic rates?

2944. Yes?—I think such a use would be appreciated by the public, and would be adopted to a very considerable extent.

2945. You have spoken about short messages being sent; whilst you do not, in point of fact, advocate the general reduction below a shilling, you do suggest that messages of 12 words might be sent for sixpence all over the country?—Including the address.

2946. Has it ever occurred to you whether the system which was in operation by some of the old telegraph companies might not again with advantage be used for the Post Office; that is, not of charging for the entire address, but of limiting the number of words in the address, and charging any additional words or word at the same rate as the message itself; whether that would not be a better plan than charging the address entirely; for instance, supposing you limited the words in an address to five, giving 12 words for the message; would not that really be a better plan than your suggestion that the address should be charged as well as the message?—In that case I should not reduce it to sixpence, because if you allowed 12 words in the text of a message for sixpence, you would take a very large proportion of messages that now pay a shilling.

2947. The question is whether the principle is not a better one to be applied. Your suggestion is that the present principle is abused, that we are indifferent to the amount of words we use in the address, because we do not pay for them, and that some limit should be put?—Yes.

2948. With reference to the point which you suggest, as to the sending of sixpenny messages and shilling messages; in connection with it you also suggest that there should be special express rates?—I do.

2949. Which should give special facilities to people who like to pay for them?—Yes.

2950. Although you have been asked the question before, I must venture to put it again, whether you do not think that that would tend to produce a great amount of dissatisfaction on the part of the public, and also to give a great amount of uncertainty as to the prompt delivery of a message under such circumstances, where a message might be delayed for some time?—I do not think it would.

2951. Would it not be a better plan on the assumption that your wires are more closely occupied, say between nine and one o'clock in the

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Mr. *Hobson.*

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Mr. *Ripley*—continued.

the morning, that you should charge a higher rate, 1 *s.*, if you like, from eight o'clock in the morning till one in the day, and from one o'clock to six a 6 *d.* rate; would not that not only tend to give satisfaction to the public, but also tend to increase very largely the business of the Telegraphic Department, because very large numbers of people who must send a message must use the 1 *s.* rate, and others might use the 6 *d.* rate?—In that case, after one o'clock we should need to have three times as many messages as we have at present, in order to keep up the existing revenue, because two 6 *d.* messages would not yield the same net revenue as one 1 *s.* message does.

2952. Your messages comparatively are very few, are they not, between one and six o'clock?—After three o'clock they fall off; they fall off after one about 100 an hour.

2953. As postmaster of Glasgow, of course you have been made acquainted with the alterations made by the Post Office Department in connection with the service during the last few months; you aware that the facilities which the Press Association have had for delivering their matter in large towns, especially to hotels, have been practically taken away from them within a few months?—I only know that we do not deliver as much news as we did to the clubs.

2954. Are you not aware of the fact that a circular has been issued by the Press Association stating, that in consequence of the reduced facilities which the Post Office authorities offered them they could not any longer deliver those messages?—I am not aware of it.

2955. Until recently postage stamps have been used indiscriminately with the ordinary telegraph stamps for sending messages, have they not?—Until the 1st of this month.

2956. Do you think that the taking away of that facility from the public tends to induce the public to use telegrams, or is it a desirable thing in itself to be adopted in connection with the telegraph system?—It is chiefly a question of accounts as to the desirability or otherwise of using a stamp. I assume that, because a distinctive stamp is used a saving is made in the matter of accounts.

2957. Recently receipts have been given for the delivery of messages, and 2 *d.* has been charged. Suppose I take a message to your house, and I ask for a receipt, you give me a receipt for 2 *d.*?—I do at the counter for a forwarded message; no receipts are given for received messages.

2958. Is it your opinion that if that charge had been 1 *d.* instead of 2 *d.* the public would have used it very much more largely, and it would have given an increased revenue?—No, I do not think so, because it is only used in the case of foreign messages where men pay large sums of money.

2959. You do not think the public would gradually get into the use of it?—I do not think they would ever take receipts for ordinary inland messages.

2960. With reference to repeat messages, the charge is 6 *d.* now, is it not?—Yes, a half; half the rate, whatever that may be.

2961. Is it your opinion that if it were reduced to a smaller amount for repeat messages, which I presume would be very little additional cost to the department, that would be very largely used and tend again to increased receipts?—It may be so. I have no reason to suppose that it would be so, because it is never used except in the case of messages of real importance. An ordinary message is never considered worth repeating.

2962. Simply because of the high charge, is it not?—I do not think so.

2963. Has your attention ever been called to the desirability of giving parties access to a free wire at certain times in the day, for instance, where they could have conversations, I in London and you in Glasgow, talking to each other, say, at so much for five minutes or ten minutes?—I have heard such suggestions made, and such questions asked.

2964. Do you think anything of that kind might be worked?—I think it could.

Chairman.

2965. Have you received a letter from Mr. Patey by direction of the Secretary of the Post Office, in reference to the evidence which you were about to give us?—I had a letter from Mr. Patey in reply to the statement I sent up to him containing the propositions which have been brought out to day.

2966. Have you that letter at present?—I have.

2967. Will you read it?—"Post Office, 6th May 1876. My dear Hobson,—I have received your letter containing your plan, which you say you sent up for my own private information. You must, I think, be aware that my duty should require me to place it in the hands of the Secretary. I have done so. Mr. Tilley has not yet had an opportunity of reading the paper, but he desires me to say that it would have been much more to your credit if, in the first instance, you had brought forward your plan in an open and straightforward manner instead of furnishing a member of the Committee with information obtained through your official position. It is true that some time since you did send a paper explaining the ideas you then held to the Secretary, who, you were informed, did not consider that the plan could be satisfactorily adopted; and if you still thought that the plan would be advantageous to the service it was your duty to ask permission to bring it before the Committee, if you desired to do so, and not to send it to a member in the shape of questions to be put to officers of the department. You can hardly be surprised to hear that both the Postmaster General and the Secretary consider your proceedings quite inconsistent with that loyalty without which the business of a public department can scarcely be carried on. It has occurred to me that it may be useful to you to read the Minute which Lord Hartington, when Postmaster General, wrote in April 1869, with reference to proceedings very much akin to your own, and I send you a copy of it. Yours, faithfully, *C. H. B. Patey.*"

2968. Will you read Lord Hartington's Minute?—Yes. "Copy of a Minute by the Postmaster General. I heard, with great surprise, that Mr. —— —— had appeared as a witness before the Committee without obtaining the authority of the Secretary; and I regret to say that, having read his evidence, I agree in the opinion which Mr. Tilley has given upon it. His explanation does not place the matter in a more

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Chairman—continued.

more favourable light, for it is perfectly clear that Mr. —— has offered himself as a witness to the Committee, or some member of it. It is not difficult to conceive what would be the state of discipline in any office were it understood that gentlemen in Mr. ——'s position were entitled to act as he has done, and I hope that I may not have again to comment on such a proceeding. (Signed) *Hartington.* 2nd April 1869."

Dr. *Cameron.*

2969. I am the member of the Committee referred to in that communication?—I assume so.

2970. Is it a fact that you supplied me with any official information?—It is not.

2971. Is it not a fact that my first conversation with you on the subject occurred at an accidental meeting in a railway train between Glasgow and Carlisle?—About a year ago; it is.

2972. Before any Committee or investigation was thought of?—Long before.

2973. And it was at my suggestion that you were summoned as a witness; I asked you whether you objected to being examined before this Committee when the Committee was appointed?—You did; you wrote to ask me.

2974. You did not suggest that you should be examined?—Certainly not.

2975. The suggestion came from me?—It did not come from me, certainly.

Lord *Robert Montagu.*

2976. Have you received any further communication on the subject from the Post Office since that letter which you have read?—I replied to this letter, and I had an answer.

2977. Have you your reply?—I have the reply here; it is hardly an official one.

2978. You replied to it, you say?—I replied to this one.

2979. Did you receive any further communication?—None.

2980. Did you receive any letter from the Post Office in answer to that letter of yours?—In answer to the reply that I wrote to this?

2981. Yes?—None, excepting this, which is private.

2982. You received a private letter from whom?—From Mr. Patey.

Dr. *Cameron.*

2983. Is the letter marked private?—Yes.

Mr. *W. B. Denison.*

2984. The letter you have read referred to a plan you have submitted to the Post Office?—The plan I gave the Chairman this morning.

2985. Had you submitted that plan to any member of the Committee before?—No; my plan is entirely different from anything that Dr. Cameron and I ever talked about.

2986. Mr. Patey's letter refers to your having submitted a plan to some member of the Committee?—Submitted questions.

Dr. *Cameron.*

2987. It also talks of having submitted a plan which you sent in to the Post Office?—It does.

2988. You never submitted any such plan to me?—I never submitted any such plan to you.

2989. Nor to any other member of the Committee?—Nor to any other member of the Committee.

Mr. *John Holms.*

2990. Did you ever suggest your plan, or submit it in any way to the Post Office authorities?—This one about a week ago.

2991. But not before?—It is about a fortnight ago.

Mr. *W. B. Denison.*

2992. Did you submit the plan referred to there to anybody but the Post Office authorities?—I talked it over with several of the Post Office men.

2993. But with nobody but the Post Office men?—Not the plan in itself as it is.

2994. To anybody outside the Post Office?—No.

2995. Did you submit any plan that is referred to there?—No.

2996. I want to get precisely, did you submit a plan to anybody outside the Post Office?—No. I talked over some details with Dr. Cameron as to deferred messages.

Dr. *Cameron*

2997. You have been speaking of two plans?—Yes.

2998. One the official plan which you sent to the Post Office many months ago, which alone was official, and which you never communicated to any one?—Yes.

2999. The other a private scheme; the same scheme that you submitted to the Right honourable Chairman, and which you showed to a number of people, which was your own private information?—My own private information.

Mr. *Goldsmid.*

3000. Given to Dr. Cameron years ago?—Oh, dear no. I submitted the plan to the Secretary last November, which has never been touched upon at all.

Mr. *John Holms.*

3001. The point I wanted to get from you was whether you had ever submitted a plan directly to the Post Office authorities yourself which now you say you have done so many months ago?—I submitted the plan to the Secretary in the month of November.

3002. What answer had you?—An answer to the effect that the Secretary did not consider it would be advantageous to adopt it.

Mr. *W. B. Denison.*

3003. Mr. Patey, in his letter, says, "It was obviously your duty to ask permission to bring it," that is the plan, "before the Committee, if you desired to do so, and not to send it to a Member in the shape of questions to be put to officers of the department"?—Yes.

3004. Then you did supply a member of the Committee with a series of questions formed out of that plan, and bearing upon that plan?—Pardon me, I did no such thing.

Mr. *Cavendish Bentinck.*

3005. Did not you furnish any statement at all to any member of the Committee?—The only thing I ever did was, in going over some of the Estimates in Sub-heads F. and G., I pointed out some inaccuracies as regards certain offices.

3006. Did

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Mr. *Goldsmid.*

3006. Did you prepare questions for Dr. Cameron?—In reference to some of these discrepancies in the Estimates.

Mr. *Cavendish Bentinck.*

3007. You did prepare questions in reference to the Estimates?—I did in reference to some of the Estimates; for example, in reference especially to the writing force employed at Birmingham, compared with my own office, which is all in the Estimates.

Mr. *Meldon.*

3008. Did you supply Dr. Cameron with any questions upon which to found the examination which you have gone through to-day?—I did not.

Chairman.

3009. But you supplied the Chairman?—I gave it to you.

Mr. *Meldon.*

3010. Did you solicit Dr. Cameron, or any other member of the Committee, to have you examined here as a witness?—I did not.

3011. Did you volunteer yourself as a witness?—I did not.

Lord *Robert Montagu.*

3012. You were summoned, I suppose?—Yes, I have my summons here.

Chairman.

3013. Are you aware that, when I was Postmaster General, I went personally and examined into the requirements of the Glasgow post office, both with regard to the postal and telegraphic work?—I am.

3014. And that it was in consequence of that personal examination that I desired to have you, as the postmaster of Glasgow, as a witness here?—I am not aware that it was in consequence of that.

Mr. *Goldsmid.*

3015. One question upon this letter: Mr. Patey says, "It is true that some time since you did send a paper, explaining the ideas you then held, to the Secretary, who, you were informed, did not consider that the plan could be satisfactorily adopted. If you still thought the plan was advantageous to the service, it was obviously your duty to ask permission to bring it before the Committee, if you desired to do so, and not to send it to a member in the shape of questions to be put to officers of the department;" therefore, as the charge is that you sent a plan, which had been rejected by the officers, to a member of the Committee, in order to put it in the shape of questions to the officers of the department, what I want to ask you is, is it true that you did send this plan in the shape of questions?—I did not; not a single question.

Dr. *Cameron.*

3016. You have mentioned that you have greatly cut down the paper work in the Glasgow post office?—I have.

3017. Insomuch that you have diminished the consumption of paper for reports from 50 to 15 reams per year?—Yes.

3018. Do you think there is not a considerable amount of unnecessary paper work in the Telegraph Department even at present?—It has been very much reduced within the last two or three months; probably by a third, or more.

3019. Still it is the fact, that a great number of reports are sent, for instance in Scotland, to Edinburgh, and there copied and sent on to London; is it not so?—Not in connection with Glasgow.

3020. You are, I believe, postal surveyor of Glasgow?—And its own sub-offices.

3021. You have no control over the offices that are outside Glasgow?—None whatever.

3022. In telegraph matters it would be of great importance to have control at both ends, would it not?—I believe that where you can control the clerks at both ends of the wire, you get better results.

3023. In case of a disagreement occurring between a clerk in Glasgow and a clerk in Paisley, you have no power to direct what shall be done?—It is dealt with by the surveyor for South Scotland.

3024. That is to say two reports probably are sent into Edinburgh?—One report is sent to the Surveyor of the South of Scotland. He deals with the case and sends me the result for my information.

3025. Do you think you could, without prejudice to your other duties, undertake the charge of the district round Glasgow?—I believe that I might.

3026. With advantage to the service?—I think so, because I should practically save, to a large extent, my own salary.

3027. In the evidence you gave a few minutes ago, allusion was made to an official report which you sent into the Post Office?—Yes.

3028. What was the effect of that?—That was a report which I submitted privately to the Secretary some seven or eight months ago.

3029. It was on the ground of economy, I believe, that you advocated the adoption of the system you proposed?—It was then on the ground of economy.

3030. What was generally the system?—Generally the system that I proposed at that time was that Glasgow should control on the west side of Scotland, Edinburgh on the east, and a surveyor on the north.

Chairman.

3031. Control telegraphs?—Everything.

Dr. *Cameron.*

3032. In that way you would have had a considerable amalgamation between the telegraph and the postal departments and officials?—One man in each district would have been responsible for the whole service, except for the efficiency of the wires and of the instruments.

3033. You made out that this would effect a considerable saving?—I think it would effect a very large saving.

3034. Did any other official in Scotland concur in this plan?—Yes.

3035. Who was he?—Both the Surveyor for South Scotland and the Surveyor General.

3036. Did you and the two surveyors you have mentioned offer to carry out the scheme in that report?—I said it could be done. They told me verbally

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Dr. *Cameron*—continued.

verbally, and I have also letters in my possession, that they were willing to try it on the terms in which I made the proposal.

3037. What were those terms?—That the trial should be made without interfering with any existing arrangement, to see whether or not it would really work out in practice as well as it appeared to do in theory.

3038. In theory you made out a large saving on the change?—Yes.

3039. To what extent in Scotland?—Somewhere about 8,000 *l.* a year.

3040. Was the change you proposed applicable to the other portions of the United Kingdom?—If it had worked well there, it might have been applied to the whole kingdom.

3041. And in that case the saving would be very large?—In my view the saving would have been a very large one if it had been carried out.

3042. You offered to work out this scheme, which you say you calculated would save at least 8,000 *l.* a year in Scotland without any change in the existing establishment?—I did.

3043. You say two of the most responsible telegraph officials in Scotland concurred with you as to the feasibility of it?—Not telegraph, but postal officials.

3044. I have got here an official return from the Post Office of the cost of handling a message, or rather I ought to say a half message, that is, counting a transmitted message as two, in various offices. From that, I find that in London the cost is 1·17 *d.*; in Liverpool, 1·65 *d.*; in Manchester, 1½ *d.*; in Birmingham, about 1½ *d.*; in Glasgow, about 1¼ *d.*; in Dublin, 2½ *d.*; and in Cork, 1·91 *d.*; can you give any explanation of the very great discrepancy between the cost in the different offices?—Not without knowing the circumstances of the offices; it would be impossible to give an opinion.

3045. I find from this return that in some cases, in Belfast, for instance, the cost is under a penny; it is 0·96 *d.* In Carlisle it is even lower, being 0·95 *d.* You are acquainted with Carlisle, I understand?—Yes.

3046. You were postal surveyor in the district?—I was.

3047. Could you suggest any peculiarity with regard to Carlisle which would render the working of it so economical?—Simply that the force is an economical force; the superior clerks are few in number to the operating force.

3048. The proportion of superior clerks to operating clerks varies very greatly in the different establishments throughout the country, does it not?—I have no information on that subject beyond what I see sometimes in the Estimates.

3049. As a matter of fact, are you aware that the proportion of highly-paid clerks and low-paid clerks is much greater in the central London station than it is in almost any provincial station?—I am.

3050. I understood you to say to a member of the Committee that you could do very much more work on all the Glasgow circuits with the same number of wires and the same staff that you at present have?—I could.

3051. Could you do as much as twice or three times the amount of work?—I could do very likely thrice as much.

Dr, *Cameron*—continued.

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3052. Without any very serious delay?—Without any serious delay, and without any increased cost for force.

3053. You stated also that the average number of messages sent per clerk in Glasgow was six and a-half per hour?—About eight and a-half.

3054. I have in my hand a return which has been handed in from the Post Office, and from that it appears, reading off at random the first few names, that during the 24 hours ending 8 a.m. on the 9th of May, the first man on the list, a second-class clerk, transmitted at the rate of 13 messages per hour, the next at the rate of 3½ messages per hour, the next at the rate of 9, the next at the rate of 9, the next at the rate of 11½, the next 13½, the next 12½, the next 2, the next 13, and then 10, 12, 12, 18, 6, 10, 11, and so on; you would not consider any of the figures I have read a good hour's work with a Morse?—Not with a Morse.

3055. I think in almost every case to which I have referred the instrument has been a Morse; what do you consider a good hour's work for a first or second class clerk with a Morse?—Do you mean an hour as an hour, or an hour spread over a day.

3056. I mean an hour as an hour?—An average office day?

3057. Yes?—For an average clerk about 25 messages an hour.

3058. Take a first-rate operator?—He would probably do during the day 30 to 33 per hour.

3059. That is not considering him to work up to his full capacity?—No, but no clerk could work for eight hours as hard as he would work for one hour.

3060. As a matter of fact, with a Morse instrument, what amount of news will a clerk send through per hour?—Supposing he sends 30 words a minute, which is a fair average speed, he would send about 1,800 words an hour.

3061. Two thousand words form a column of the "Times"?—About that number.

3062. So that a Morse clerk would send 18-20ths of a column of the "Times" per hour?—Always assuming that the wire is in good condition, and that he has an equally good clerk at the other end.

3063. By means of an automatic instrument, such as the Baines, how many columns per hour can you send along a single wire?—In good working order with the Baines we can send 130 words a minute; that is about 7,800 an hour.

3064. That is close upon four columns of the "Times"?—Close on that.

3065. Your wires are not worked up to their full capacity, I presume?—Except for a very short period of the day.

3066. And then for that short period you probably, by using more high-pressure circuits on the busy lines, could dispose of even more work?—Of more work with higher speed instruments, but as a matter of course, with a greater initial delay, because in the Duplex we have no delay whatever.

3067. The delays are very trifling you say, about 10 minutes?—Ten to fifteen minutes.

3068. From some questions that were put to you, I do not think that some of the honourable Members understand the mode of working these automatic instruments. Your plan is to punch half-a-dozen

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Dr. *Cameron*—continued.

half-a-dozen messages on paper and to send those from Glasgow to London, then to stop and receive half-a-dozen messages prepared in the same way, from London to Glasgow?—Yes.

3069. Alternately receiving and sending batches of half-a-dozen or a dozen messages?—Quite so.

3070. And the wire is quite able to keep both offices going from both ends?—Quite able.

3071. The delay is not in the transmission; that is instantaneous, but in the punching; that is the only delay?—That is the delay, and in waiting, of course, until your received batch is run through before you can send your own batch back again.

3072. The President of the Local Government Board put some questions to you about express messages. What you proposed was not to judge of the importance of the message yourself, you propose to allow other people to judge of the importance, and to pay higher or lower for them, as they considered them important or not?—Precisely; that the sender of the message would decide for himself in what way he would send it.

3073. If he chose to send a message to the effect that he should not be home to dinner at the express rate, that is his affair?—Entirely.

3074. You object to the proposal for deferred telegrams; do you see any practical difficulty in working them?—The difficulty that I see is this: we have now no delay, so that practically no message would be delayed, and it would be a virtual reduction of the rate without any corresponding advantage to the department.

3075. If you doubled or trebled your work, there would be delay, would there not?—Very slight.

3076. Still there would be delay?—Possibly half an hour.

3077. During the busy time, especially; it was objected by one witness that, as a practical officer, he could not see the way in which deferred messages could be sent; would this be a feasible mode of proceeding, to have "deferred" forms, of a different colour to the ordinary A forms, and to stipulate that in the case of a deferred form and an A form, handed in at the same time, it should be incumbent on the Post Office to transmit the deferred messages, say within three hours of the time at which the ordinary A form message handed in at the same time would be sent?—There would be a slight difficulty; not a difficulty that could not be overcome, but, as I said before, where we have no practical delay, the deferred message would virtually go in turn with other messages.

3078. I need not say there would be a great impetus given to the growth of telegraphy?—What price do you propose to give to your deferred message?

3079. Speaking generally, at a considerably lower price than the ordinary message?—Then I think that result would not be favourable to the revenue, because, as I have already said, with practically no delay on the wires, it would be equivalent to a general reduction of rate without any corresponding advantage to the Department for giving away the revenue which it now has.

3080. Without any corresponding advantage, except the great increase in the number of messages?—I rather doubt that we should get a

Dr. *Cameron*—continued.

greater number of messages written upon a deferred form, which it is known may be delayed four or six hours.

3081. If you did not get that number of messages, it is evident the revenue could not suffer; if you only get a small number of messages the reduction in the revenue would be very slight?—Practically after two o'clock every message might be a deferred message, because there is no delay whatever.

3082. Practically, after eight o'clock, in the case of every message addressed to a country town, the message is deferred, is it not?—Where the office closes at eight o'clock it is deferred till the next morning.

3083. There are a very large number of such messages handed into the Post Office?—I only got 107, on an average of a week, per day at Glasgow of messages handed in after ten o'clock.

3084. You gave some statistics as to the number of messages at the different hours. Could you give any information as to the number of messages on Saturdays?—Up to one o'clock on Saturdays, messages are very much the same as on other days, after one o'clock they are very much fewer.

3085. What number had you after one o'clock?—1 to 2, 83; 2 to 3, 40; 3 to 4, 23; 4 to 5, 22; 5 to 10, 125; 10 at night to 6 the next morning, 6.

3086. Have you any returns for Sunday?—From 1 to 2, I had 23 messages; after 10 and before 6, 15.

3087. You said that in the case of Stock Exchange messages, the facilities paid, because the more facilities you gave the larger number of messages you get?—With Stock Exchange messages, because every fluctuation is telegraphed.

3088. But is it not the fact that the more facilities you give with all classes of messages, the larger number of messages you get?—Not to the same extent as the Stock Exchange.

3089. But to a large extent?—Yes.

3090. As to the question of limited addresses, you argue that the wires are not sufficiently filled at the present moment. What is the necessity for being very stringent in the matter of addresses?—Because you are occupying a clerk a large portion of his time with unremunerative work.

3091. As we have seen, the clerk on the average in the hour, both apparently in London and Glasgow, does not do more than a third or fourth portion of the work he might do?—True.

3092. His time, therefore, is not of any particular value?—Only that you must provide for increase of work, and if you gave the same privileges of a free address with a reduced rate, the wires would be overloaded with as much free matter as matter that is paid for.

3093. There would be little difficulty in doing as the honourable Member for Bradford suggested, limiting the number of free words in the address?—There would be no difficulty, only in that case I should not give the reduced rate.

3094. As to the question of conversations along the wires, there could be no difficulty in arranging that?—There would be no difficulty at present when our wire capacity is greater than the work.

3095. There would be no difficulty at any time in

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Dr. *Cameron*—continued.

in allowing such conversations to take place after the slack hours?—None whatever.

3096. Therefore, practically after two or three in the afternoon you might save the wires set apart for that?—You might have a wire here and there.

3097. The facilities for talking along the wire are such that a clerk can actually telegraph a conversation, under such circumstances, quicker than one can write it?—At about the same rate of speed.

3098. As an expert penman could write?—A clerk in that case would telegraph at the rate, probably, of 40 words a minute.

3099. There appears to be an immense amount of transmission performed in some of the offices; does transmission form a large proportion of your work in Glasgow?—About one-third of it, I think.

3100. According to this return, counting transmitted messages as two, it forms fully half of it?—Counting transmitted as two; I have practically a total of 651,000 forwarded messages, 748,000 received and 832,000 transmitted, counted singly.

3101. In the central office in London I find that while there are about five millions of messages received and forwarded, there are nearly twelve millions transmitted in the course of the year; in such a case, the scheme you speak of of pneumatic tubes should enable the Post Office to dispose of a large number of messages without encumbering the wires?—That would depend on whether the transmitted messages are messages from one part of London to another, or from one part of the provinces to another part of the provinces. With London messages the pneumatic tubes would decrease the transmission, but it would not affect transmission in the least with messages passing through London from one part of England to another.

3102. We have observed that the cost of delivery varies very considerably in various offices; what do you pay for delivery of messages in Glasgow?—Halfpenny at the Stock Exchange, ¾ *d.* at Anderston, and ¾ *d.* at the head office.

3103. What do you pay for the delivery of press messages and service messages?—During the day I pay nothing.

3104. How do you arrange that?—I send them out by the last messenger.

3105. So that in that way you avoid all cost for such messages?—Except at night.

3106. At night what do you pay?—Eight shillings a week to the boys.

3107. Not so much per message?—No.

3108. Is that system adopted in any other town?—I am unable to say.

3109. You are acquainted with the postal arrangements of a large number of towns, are you not, from your previous Post Office experience?—Yes.

3110. Is there anything in the circumstances of any of the towns that you know as a surveyor that would prevent a similar system being adopted?—I believe it is done at Newcastle; I

Dr. *Cameron*—continued.

Mr. *Hobson*.

16 May 1876.

am not certain; I see nothing to prevent its being done, if it is not.

3111. We had some examination about the superintendence of boys; what is the superintendent force in your office of the boys employed there?—I have three inspectors.

3112. For how many boys?—One hundred and sixty.

3113. You talked about presswork not paying; it occurs chiefly during the night, does it not?—No, I have a wire occupied all day entirely with presswork.

3114. You have a very large amount at night?—I have.

3115. It is very desirable, is it not, that the offices in such large towns as Glasgow and Manchester, and so on, should be kept open all night?—It is.

3116. If it were not for the presswork, would not the offices be very idle?—Well, but I should have very many fewer clerks on duty. For example, after 10 o'clock at night about two-thirds of the clerks on duty are on duty solely for presswork.

3117. Are you aware that identical rates, as near as could be devised, paid the old companies?—I thought the old companies were paid so much per 40 words.

3118. That was between towns and the provinces; but between the metropolis and the provinces?—I do not know what the rate was.

3119. You are not aware that it was 4 *d.* per 100 words for collection and transmission?—No, I have no knowledge of that.

Mr. *Leveson Gower*.

3120. Is much time lost in calling attention?—Occasionally at small offices.

3121. If there is an omission on the part of the clerk who ought to attend in some other district, is that omission reported?—Always, or almost always.

3122. I understand that there is a great difference in the rapidity with which messages are sent, according to the dexterity of the operator?—There is.

3123. Are they promoted according to their dexterity?—No, they are promoted according to seniority; that is to say, they are promoted from class to class in accordance with seniority of standing in that class.

3124. Therefore there is no encouragement whatever to superior dexterity?—I should not recommend the clerk to go up out of the class if I were satisfied in my own mind that he was not doing all he could to improve himself, although he were senior to go up. For example, if I knew that a clerk was taking no steps whatever to improve himself, and was only an indifferent operator, I should mention that in submitting the report and recommend him to be passed over.

3125. But suppose he took every sort of pains to improve himself, but did not improve?—I would then recommend him to go forward.

3126. Have you any power to exchange a clerk who is a slow operator for another quicker operator in a district where it would not signify?—None whatever.

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Mr. JOHN ST. L. BEAUFORT, called in; and Examined.

Mr. *Beaufort.*

16 May 1876.

Chairman.

3127. YOU are Postmaster of Manchester?—Yes.

3128. Have you a large telegraphic staff under you there?—Yes, very large.

3129. As postmaster of Manchester, do you act also as surveyor for Manchester and its sub-offices?—I do.

3130. Are you of opinion that within the office itself you could induce the clerks to do more in the maintenance of their instruments than they do at present?—In the repair?

3131. Scarcely in the repair; in the adjustment rather?—I think that they might be instructed to do more, but there are a sufficient number of clerks in my office to do all that is required.

3132. Have your clerks recently been reduced?—There has been a reduction of five clerks, owing to some alterations which were made the beginning of this year.

3133. Has the Surveyor General, in the case of Manchester, been examining into the redundancy of the staff?—Not at Manchester.

3134. Have you any opinion as to the possibility or expediency of a 6*d.* rate for telegrams of fewer words than the present?—I have thought it over, but I do not see that it is at all likely to be successful. It appears to me that if you reduce the charge with the expectation of raising the revenue we must have double the number of telegrams that we have now. We must have more than double the number at 6*d.* than we have now at a 1*s.* before we can make anything by it, and if we double our number we certainly cannot carry on our work without increasing our force very largely, and our expenses also.

3135. Do you not think that a very considerable economy might be introduced in the mode of working by the application of new instruments, and by giving a clerk charge of several smaller used circuits?—That depends upon what the instruments are; I do not quite understand the question.

3136. For instance, if you work upon the duplex system, would not you double the capacity of your wire?—Yes, but at the same time double the clerks also.

3137. If you had a large increase of telegrams that would be of no consequence, would it?—If we had a large increase of telegrams at 1*s.*, it would be of no consequence; but at 6*d.* the increase would not pay.

3138. Is it not the case that if you double the capacity of your wires, you at all events get twice as much out of your capital employed in that particular wire?—In that wire, but not in the clerk; the clerk is the most expensive part of it.

3139. You say it would require more than double to pay?—Yes, for the reduction to 6*d.*

3140. Do not you think you would get much more than double the number of local telegrams in a district?—Of local telegrams I do not think we should get double; and if we did get double of local telegrams at 6*d.* each, that would not pay us anything additional.

3141. How many local telegrams have you per day in Manchester?—I presume you mean

Chairman—continued.

those delivered within the town; handed in in the town for delivery in the town?

3142. Yes?—I had an account the week before last, and the number, I think, was only 160 in a week; they are comparatively nothing.

3143. Do not you think that if you had a lesser charge for a local telegram, your local traffic would increase largely?—I do not think it would; I do not think that in a place the size of Manchester, where all the business men come into one centre, much use could be made of a cheap system of telegraphy.

3144. You have a large number of suburbs around Manchester where people reside, do not you think there would be a great deal of local telegraphy if you went within a certain distance of four or five miles round, with a 6*d.* telegram?—I do not think there would be any large increase, certainly not sufficient to pay. The telegrams to those places round the suburbs are merely domestic telegrams; they are very seldom business telegrams.

3145. Do not you think people will not send those sort of telegrams for 1*s.*, although they would be much inclined to send them for 6*d.*?—I think they might in some cases, but wherever there is a real necessity for sending a telegram I do not think the public scruple to pay 1*s.*

3146. What do you think about shortening the addresses or paying for addresses?—I think any alteration which mixes up the payment for the addresses with the payment for the text would tend to mischievous results, because I think the public would so curtail their addresses that we should find some difficulty in delivering the messages.

3147. It would increase the expense of delivery?—Yes; but I think a suggestion which I heard made by the honourable Member for Bradford, that a certain number of words should be allowed in the address, and that beyond that number they should be charged in the same way as the text, might have the effect of reducing the number of words in the address to a less amount. At present they are very much more numerous than they need be.

3148. Do you think it possible to spread the messages all over the day, so as to employ the clerks, who are idle for a considerable portion of the day, and to give them work?—I think it is quite possible to do it.

3149. What effect would it produce?—It would have the effect of disgusting the public so much that telegrams would undoubtedly fall off in a very short time.

3150. You think speed is the very essence of a telegram?—Speed is the essence.

3151. Are you of opinion that no relaxation can be made in the ten minutes' ideal?—I think it is highly desirable that we should keep up that ideal. We can hardly carry it out; but I think it is desirable to keep it up.

3152. In spite of the fact that you keep up that ideal you must have a large force at certain times of the day, which force is quite superabundant at other times?—I think there is a little misapprehension about that. I have a return here which corresponds with the return which I think was dealt with just now,

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Chairman—continued.

now, about the number of messages at each hour of the day, and the number of clerks employed to work them. The result shows that a large number of clerks are required to get through the pressure work in the middle of the day; but after that pressure period is over these clerks' work is not wasted, they are not idle. They go off work when the pressure is over, and they come on at other portions of the day; so that supposing we say the whole force is on during the two hours' pressure, that force is spread over the remaining hours of the day when a smaller number are required. So that in reality each clerk does his eight hours' work.

3153. He may be taken off at night, and other portions of the day?—Yes.

3154. And each man does eight hours' fair work?—Each man does full eight hours' work.

3155. How many telegrams a day upon the average do your clerks pass through your post office per hour?—By the last return I think there were 50 messages a day to each clerk—between 50 and 55 a day.

3156. How many clerks are there?—The messages that were passed by the female staff by the last account averaged 54 in the day each clerk, and they were on sub-office circuits and local circuits, on which the work is very much slower than on the main circuits. There are 211 male clerks and 138 females.

3157. How many clerks have you employed in your telegraph office on clerical work?—The varieties of clerical work are very great; do you mean simply writing, or accounts?

3158. I mean writing; what is understood as not manipulative work, but clerical work?—The clerical clerks include the account clerks. In the room in which all the clerical correspondence is carried on and the accounts kept, there are four clerks and a superior clerk.

3159. Employed in telegraphic work?—Employed in the accounts and in writing.

Dr. *Cameron.*

3160. You have 211 male clerks and 138 female clerks, making 349 clerks in all?—Yes.

Chairman.

3161. In the return which has been supplied to us from the Post Office, you have 11,422 messages a day on 31st March?—Eleven thousand is rather below the ordinary number. There was that number on that day perhaps.

3162. This is a return which has been sent to us of a day's work on the 31st March, is that much below the average?—It is; that is considerably below the average in the racing or betting season.

3163. I mean upon an average?—It is below the daily average.

3164. Would you say about 12,000?—About 12,000. The total number in the year I can give you, and you can take the average from that.

3165. Taking 12,000 you have 349 clerks, that would give an average of 35 messages per day, which is considerably under the 54 which you took for the female clerks?—I cannot answer for that particular day.

3166. Taking 12,000 as your average?—I cannot say that 12,000 is the average, I think it is below the average. 12,000 messages does not show the whole of the work that the clerk does, because part of those are transmitted messages,

Chairman—continued.

each of which would have to be done twice over. The 12,000 does not show the average work that is done by my clerks in one day. I have a return here which shows that the number in one day was 18,000. This is a return showing the work done in each hour of the day, and the force employed during that time. The number of messages forwarded, received, and transmitted, counting the transmitted twice, were 18,190 in one day.

3167. Was that an average day?—That was an average day. The messages forwarded, received, and transmitted on that day were 12,322.

3168. Have you found the female clerks do well?—They do very well. They, perhaps, cannot get through so very much work as the males do, but they are very much cheaper.

3169. And they remain longer, do not they?—No, I do not say that they remain longer; at present my female establishment has only been in existence three years, so I cannot say how long they will remain.

Mr. *Ripley.*

3170. How many district offices have you?—There are three branch offices.

3171. I mean local telegraph offices in the city of Manchester?—Three branch offices, and 21 receiving offices.

3172. Those receiving offices, of course, transmit by wire direct to the central office?—Yes.

3173. There is no communication between those offices, so that a message can be sent from one to the other?—They send all their messages to the head office and back.

3174. By messenger?—No, by wire.

3175. You have in Manchester a number of private wires from parties who have concerns at a distance of a mile or two, who pay a certain annual sum?—Yes.

3176. Those parties transmit between their concerns and the office in Manchester messages at their own pleasure, and to any extent?—Yes.

3177. Is it your opinion that, if similar facilities were given to various parties who would not find it worth while to pay a sum, whatever it might be, to send messages from one local office to another, that would not be a paying department of the telegraph service at a lower rate than 1 *s.*?—You mean that each of those offices should communicate direct to the other on its own wire.

3178. Yes; is it not probable that a large business might be done in that way at a lower rate, say at 6 *d.*, which would be a paying department?—No; I think that a business might be done at 6 *d.*, but it would certainly not pay. Suppose each of those offices were to communicate with the other, each would be in communication with 19 other offices. They would have to have a proportionate number of wires to those circuits.

3179. You do not think it would pay?—No, it would not pay at all.

Dr. *Cameron.*

3180. You said that each of your clerks on an average sent 54 messages per day, according to that day's return?—I spoke from memory.

3181. We will say 54; you are aware that it has been given in evidence that an ordinary

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Mr. *Beaufort.*

16 May 1876.

Dr. *Cameron*—continued.

clerk can transmit 25 messages per hour?—Yes.

3182. That would give each of your clerks as doing in the day two hours' work?—Yes, but we cannot help that. In explanation of this I was about to state that the actual work is not shown by these calculations, which assume that the whole force was employed at the instruments, whereas the number was about 90 short of 349.

3183. I see from this return that the cost per message in Manchester is 1½ *d.*, whereas the cost of the message in London I find less than 1¼ *d.*; in Glasgow, 1¼ *d.*; in Birmingham, 1¼ *d.*?—I do not know.

Dr. *Cameron*—continued.

3184. Can you account for the superior economy in working?—I do not know how that calculation is made, so it is impossible for me to answer the question.

3185. It is an official Return showing the cost per message, exclusive of news, and counting each transmitted message as two?—I cannot explain it at all.

3186. You were not aware, possibly, that Manchester worked out a ¼ *d.* dearer per message than the others?—If that calculation is correct; but I do not know that it is correct.

3187. It was not furnished by you?—I do not recollect furnishing any such account as that.

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Friday, 19*th May* 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Charles Allsopp.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Dr. Lyon Playfair.
Mr. Ripley.
Mr. Sclater-Booth.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. WILLIAM JOHN GODBY, called in; and Examined.

Mr. *Godby.*

19 May 1876.

Chairman.

3188. YOU are one of the postal surveyors, are you not?—I am.

3189. What district have you?—The North Wales district.

3190. And are you also chairman of the surveyors?—I am.

3191. Would you explain to the Committee very shortly the duties of the surveyors in controlling the telegraph staffs in the different post offices?—The surveyors have the control of all the staff employed in working the telegraphs in the post offices; the arrangement and fitting up of the offices; they deal with all questions relating to salaries, discipline, and promotion, and investigate all irregularities which occur in the working of the telegraphs inside the offices.

3192. Then the surveyor has as complete control over the working of the telegraph office as over the working of the postal department of the office?—Precisely the same.

3193. Has he to make any inquiries affecting the expenditure of the different offices?—He has to make all inquiries respecting the expenditure of the different offices, and as regards the interior working of them, and the expenditure upon the staff, and expenses of every description.

3194. Supposing you found two offices in your district transmitting the same number of telegrams, the one costing 1,000*l.* a year more than the other, would it be your duty to investigate into the circumstances, and report upon the difference of expenditure?—It would.

3195. Is that actually done in practice?—It is done in practice.

3196. You are probably aware from that report made by Mr. Scudamore, in 1872, that there is the greatest difference with regard to the cost of offices in comparison with the number of telegrams sent?—Yes.

3197. But it would be the duty of the surveyor to try and prevent those irregularities, would it not?—It would be his duty.

3198. Have the surveyors to consider any changes and revisions of the circuits; that is to say, any plan to send messages more easily and quickly, or more economically, by taking the different circuits or combining them?—That comes within the province of the surveyors' duty, and as far as possible the surveyors do make those inquiries.

Chairman—continued.

3199. In the evidence given before this Committee it has been stated that it might be expedient to transfer from the engineer's department to the clerks and officers in the provincial post offices the duty of taking care of and maintaining the instruments and apparatus; are you of opinion, as a surveyor, that would be impossible? I do not think that it would be impossible; it might be done with advantage, to the extent of the ordinary maintenance of instruments, but not further; any injury to an instrument would still have to go into the engineer's branch, and into the workshops over which the surveyors would have no control.

3200. But what I rather mean is, that if an instrument gets in the slightest degree out of order, or is not working well, many clerks rely so much upon the linesman, or inspector, that they wait until they can get the linesman or inspector to make the necessary adjustment; do you think that the more intelligent clerks could be taught to make the adjustment for themselves without always depending upon external aid?—I think they could be easily taught, and I think it ought to be made their duty.

3201. If that were the case, would there not require to be a better kind of instruction of telegraph clerks than there is at present?—There would, in the mechanism of the instruments, and in the mode of keeping them in order.

3202. Do you think the surveyors could give aid in having that instruction more freely communicated to the existing clerks?—I think they could give aid. I think they could see that the instruction was given in a systematic manner, and by frequent inspection of the offices they would see the progress the clerks were making.

3203. Have you any telegraph schools in your district?—We have four. One at Birmingham, one at Wolverhampton, one at Chester, and one at Shrewsbury.

3204. How far are those telegraph schools governed from the centre by the supervisor of schools?—All examination papers go to the supervisor of schools, and he passes the clerks when

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Mr. *Godby*.

19 May 1876.

Chairman—continued.

when they have attained the amount of proficiency which is necessary to enable them to enter the office. He has no personal supervision or inspection of the schools at all.

3205. But I do not understand how papers could tell whether a clerk was an efficient manipulative worker?—The examination shows the number of words that a clerk after he has had a certain period of instruction can send on each of the instruments, and can read. He is examined by the chief clerk in the office to which he belongs, and that paper goes up to the supervisor of schools, who has a standard up to which a clerk is obliged to go before he is admitted into the establishment.

3206. Have you any suggestions to make to the Committee with regard to obtaining a higher standard of intelligence amongst the trained clerks with a view to those higher duties which it is proposed to confide to them?—I cannot say that I have.

3207. It has been suggested to this Committee, in evidence, also, that it might be possible to ask the surveyors to maintain the wires and poles in their own district; what is your opinion with regard to the possibility of doing that?—I have given some attention to that question, and have tried to inform myself upon it, as far as possible; and I have conferred with some of the other surveyors, and have come to the decided opinion that it would not be advantageous to the service, and I do not think it would be economical.

3208. Why do you think that it would not be economical?—I think there would be no saving of the force that it will be necessary to employ without the surveyors; there would still be the necessity for a central engineering department, for the same number, or perhaps a larger number, of superintendents and inspectors than would be employed under the direct control of the central engineering office; and it would be also necessary, I think, to remunerate the surveyors themselves much more highly if they undertook duties of that nature, and the control of a large number of additional men; I do not think the surveyors could ever exercise a proper and efficient control over the very large expenditure for which they would have to become responsible.

3209. Do you mean from that that the surveyors at present want so much technical knowledge that they could not be entrusted to undertake the erection of wires and poles?—I think so.

3210. Are you aware that that difficulty was felt so much at the Treasury that they recommended that telegraphic engineers should in future be made postal surveyors?—Yes, I know that that suggestion was made.

3211. But do not you think that it might as easily be made, as a suggestion, that in all future appointments the surveyors, as they have charge of the important internal management of instruments, might also be requested to acquire the technical knowledge of a similar kind which is required for maintaining wires and poles?—I think it would be an advantage if the surveyors had that technical knowledge, but even then there might be some difficulty with regard to central control if they undertook the duties of the engineers; and I am unable to see that the service or the public would gain any great advantage from it. The surveyors, if they undertook the duties of maintaining the out-door work, if I may term it so, would still be under the central engineering department, and could not therefore communicate directly with the secretary upon engineering matters; at any rate, their control of the staff under them would frequently have to be transferred to the central engineering staff.

Chairman—continued.

3212. Then I understand you to recommend a complete separation of office work from out-door maintenance?—I think that that would be decidedly the better plan.

3213. Under your plan of separation, who would be responsible for finding out the faults upon wires at different distances?—The system would be very similar to that which exists at present. The clerk, finding out that something was wrong with the instrument, would make the report which he now makes, and the fault being discovered would be rectified by the linesman as it is now; it would not necessarily involve any delay in communicating with the engineer, because the practice is that the postmaster reports to the nearest linesman in the case of any small fault, and he at once attends to it, and that should be the system still.

3214. You think that there would be no inconvenience in that?—I do not think that there would be any.

3215. Do you think it would be useful if clerks were made to understand that their promotion to the office of surveyor in the future depended upon their acquiring a thorough and technical knowledge of telegraph work, as well as of postal work?—I think that that would be most desirable.

Mr. *Sclater-Booth*.

3216. When you rather demurred to the notion that surveyors might be employed in lieu of the superintendents, were you speaking more in the interest of the Telegraph Department or of the Post Office Department?—I was speaking rather in favour of the Post Office Department.

3217. You think that you could not spare the time?—I think it would impose a duty upon the surveyors which would be extremely difficult for them to perform without interfering with their present duties, and that it might be necessary to make very large alterations of the districts to enable them to perform their duties, but the difficulties that they would be under, even if they had more time, would be in really exercising any efficient control and check over the work of men whose duties they did not really understand.

3218. Then I understand in the first place you consider that you would hardly have time to spare, according to present arrangements, for your postal duties, but that, even if you had the time to spare by arrangements being made for that purpose, you would still feel that it would be hopeless to expect that the surveyors would have as much technical knowledge as to enable the system of superintendence to be dispensed with?—That is so.

3219. Where are your head-quarters now?—At Shrewsbury.

3220. Do you find a great difference in your telegraph business according to the season of the year in North Wales?—There is a very great difference, especially on the coast of North Wales.

3221. Do you meet that exceptional demand by exceptional employment, or do you keep a sufficient

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Mr. *Sclater Booth*—continued.

sufficient staff all the year round to meet that exceptional demand which arises during the summer months?—I draft the clerks necessary to carry on the increased business from offices from which they can be spared, and their places are taken by substitutes for the time, so that we do not keep up a special staff throughout the year to meet the extraordinary pressure during the summer.

3222. Speaking roughly, can you say whether that extraordinary business which you get during the fashionable season in North Wales is profitable to the department?—I should think it is certainly profitable.

Mr. *Cavendish Bentinck.*

3223. Did you hear Mr. Hobson's evidence?—I did.

3224. Did you hear him state that he had only two or three hours a day fully occupied?—I do recollect his stating so, applying to telegraph duties.

3225. He is asked, "Are you fully occupied all that time," that is from 10 to 4; and he says, "I am not fully occupied all that time." Now, if in a large district like Glasgow, the telegraphs were under the control of the postmaster, so that he was necessarily absent, do you think that that would be attended with any inconvenience to the public?—I do think so. I think that in an office like Glasgow, or in any large office, the duties of a postmaster cannot be adequately performed without giving him full occupation for a full official day's work.

3226. Do you think that in such a case the functions of the postmaster might possibly devolve upon a clerk?—If they did, I think it would be very disadvantageous to the service.

Mr. *Cubitt.*

3227. Does each surveyor report directly to the secretary?—He does.

3228. But the assistant engineers report to the head engineer?—I think so.

3229. Therefore, you think if the two offices are combined, you would have to rearrange the manner of reporting?—Yes; the surveyor would have some difficulty; he would either be for engineer purposes under the direct control of the Central Engineering Department, or else he would report to the secretary, and then his report would still go to the Engineering Department.

3230. You mentioned that you had four telegraph schools under your charge?—Yes, I have.

3231. Is there much difference in them compared with one another, as to the way in which they fill, or as to the efficiency of the pupils?—I think the most efficient school in my district is that at Birmingham, but that would naturally be so from the fact that there are very expert officers there who impart instruction in an excellent way.

3232. Have you in great manufacturing towns like Birmingham and Wolverhampton, greater difficulty in obtaining pupils than towns like Chester and Shrewsbury?—Yes, we have.

3233. Do you, therefore, think it would be desirable to keep the schools, so far as the supply of pupils is concerned, apart from the great centres of industry?—I do not know that, because it is remarkable that we have difficulty in getting boys at the age we admit them in the schools in every town.

Mr. *Cubitt*—continued.

3234. Have you not more difficulty in the manufacturing towns than in the rural towns?—I think we have rather more difficulty in the manufacturing towns, but we have difficulty everywhere.

3235. Is there much difficulty with regard to the boys who come in, as to their qualification?—Not any, I think.

Mr. *John Holms.*

3236. How many offices are there in your district?—Two hundred and twenty-two.

3237. I think you stated that in cases of exceptional demand you moved the clerks from one place to another?—Yes.

3238. Have you any difficulty in getting those clerks to agree to go to a different office?—Not any; they only go temporarily.

3239. Do you engage the clerks?—No, the postmasters nominate them.

3240. When you engage the clerks, do you engage them upon the understanding that they are to go to other offices if you wish them?—No, that has not been the practice hitherto.

3241. You have no difficulty in getting them to do so?—No, we have no difficulty in getting them to do so temporarily. There might be difficulty in removing the clerks permanently from one office to another.

Mr. *Charles Allsopp.*

3242. You say you have 222 offices in your district. You come down, do you not, as far as Uttoxeter?—I do.

3243. How many telegraph offices have you closed in your district?—I cannot say.

3244. Has not the office at Uttoxeter been closed?—The railway office at Uttoxeter did perform telegraph work for the Post Office, and is still a collecting office for telegraphs.

3245. Can you tell me why it does not?—I do not remember the circumstances.

3246. But I suppose you were the person responsible for the closing of that office?—No; I cannot say that I was. My impression is that the railway company applied to the Post Office to close that office.

3247. Upon what ground?—I cannot tell you.

3248. But it is in your district; you certainly must know something about it?—I know that the office was ordered to be closed, but I do not know what the reasons were. My impression is that the proposition came from the railway company.

3249. Do you consider that, on the whole, you have sufficient accommodation for the district?—I think so.

Colonel *Alexander.*

3250. You were, I think, chairman of the committee appointed by the Postmaster General to inquire into the expediency of the employment of boys, when too old to act as messengers, to act as telegraph clerks?—Yes.

3251. What conclusions did that committee arrive at?—The proposition as far as I recollect it now was, that telegraph messenger boys on reaching a certain age should be enlisted in the Royal Engineers, and employed during time of peace in telegraph offices in order to acquire a sufficient knowledge of telegraphy, and that they might be withdrawn in time of war, and thus

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Mr. Godby.

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Colonel *Alexander*—continued.

furnish a useful corps of telegraphists for the army. The committee considered the question, and concurred, I think, in the proposition which was made by the War Office, and they drew out a scheme under which the plan might have been carried out; a report was made by the committee, and since that time I have heard nothing more of the matter.

3252. Do you know why the recommendations were not carried out?—I do not.

3253. You never heard anything more about it?—No, I did not.

3254. You state, do you not, that there is some difficulty in the larger offices in giving access to the instruments by the messenger boys for the purpose of instruction; what is the cause of that difficulty?—In the first place, the messenger boys are sufficiently employed in their own duties; and in the next place, the wires in such offices are very fully occupied, and there is a danger of impeding and interfering with the work by allowing boys to work the instruments.

3255. I see in the report that you propose to give special facilities for instruction?—Yes, I do.

3256. In your opinion, would there be any difficulty in carrying out those proposals?—I do not think there would.

Dr. *Cameron*.

3257. The Right honourable Gentleman, the Judge Advocate General, asked you whether the existing wires were fully occupied more than three hours a day; is that the case, generally speaking?—I think the wires, generally, are occupied more than three hours a day; they are probably fully occupied, on the average, something like four hours a day.

3258. You do not think that the wires are fully occupied more than four hours a day?—I think not.

3259. You stated that you did not observe Mr. Hobson giving evidence on that point?—I did observe Mr. Hobson giving evidence on that point; but I do not recollect what his evidence was.

3260. I find Mr. Preece stated that really the Post Office wires were occupied fully between the hours of 10 o'clock and 1 o'clock, and after those hours business decreased very quickly, and that, later in the day, the clerks were comparatively idle; probably that is what you referred to?—Yes.

3261. You mentioned, in reply to a question put by the Right honourable Chairman, that, if you found two offices sending out the same number of messages, one costing 1,000 *l.* a year more than the other, it would become your duty to inquire into the circumstances?—Yes; it would become my duty to inquire into the circumstances, and the force of the office.

3262. And the reason for that excess of expense?—Yes.

3263. From a Return which was handed in to this Committee by the Post Office it appeared that the average cost per message sent, received, and transmitted, in the Manchester Post Office, counting each transmitted message as two, was 1½ *d.*, whereas in some other offices, such as Belfast, it was reduced to less than 1 *d.*; in London and Birmingham it was about 1¼ *d.*, and in Dublin, if I remember rightly, it was something over

Dr. *Cameron*—continued.

2 *d.*; could you explain to the Committee those discrepancies?—I think the discrepancies are to be explained by the nature of the duty at those offices. It would probably be found that where there is a large amount of transmission in comparison with the amount of forwarded messages, the duty would be more cheaply done than where the transmission is small, and there are other circumstances which probably tend in the same direction; the number of branch telegraph offices in a town will have some effect in that direction also.

3264. Liverpool and Glasgow, in that return, are almost identical in point of proportion of transmitted messages, and very nearly equal, if I remember rightly, in point of the number of offices, yet there is a certain difference, amounting nearly to a farthing, in the average cost per message?—I could not explain to the Committee what circumstances caused the discrepancy; there must be something local which I am not aware of.

3265. Are you aware that, in their report to the Post Office, Messrs. Preece and Graves stated "if we could contemplate the re-adjustment of the entire postal as well as the telegraphic system, it would be possible to conceive a scheme capable of yielding good working results, based, as a first principle, upon the re-organisation of surveyors' districts, to adapt them to telegraphic requirements"?—Probably Mr. Preece and Mr. Graves looked upon that question entirely from an engineer's point of view, but there might be very great danger in so altering the surveyors' districts as to make them most advantageous for telegraphy. We should probably injure the more important postal service for the sake of a doubtful advantage to the telegraphic service.

3266. But I presume you will admit that Messrs. Preece and Graves looked into that matter very carefully, and that their suggestion upon the point is worthy of attention?—No doubt Messrs. Preece and Graves looked into the matter very carefully, and their suggestion, from a telegraphic point of view, is no doubt entitled to consideration.

3267. Have you ever made a special study of that particular point?—I have not.

3268. Whereas they have?—No doubt.

3269. The Judge Advocate General asked you concerning the duties of the postmaster, and I think you gave it as your opinion that if he were not fully occupied during his office hours, a number of his duties must devolve upon his clerk; was that the case?—That is not exactly what I meant to convey; I meant to convey that at any large town a postmaster's duties, if really properly discharged, must give him occupation which is of itself quite sufficient, because his duties are not confined to what we may really term office hours of attendance. The important duties of a post-office very often are spread over a very large portion of the 24 hours, and the postmaster's personal active supervision of the working duties of his office is quite as valuable to the public and the department as those which he performs in reference to his correspondence.

3270. I think you stated that, in the case of a postmaster not finding himself fully occupied, it was almost a matter which followed as a necessary consequence, that a considerable portion of the duties which he should himself discharge would devolve upon his chief clerk?—I meant, that

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Dr. *Cameron*—continued.

that if a postmaster had thrown upon him any duties which took him away from his office, preventing him giving the daily attention to his duties as postmaster which he otherwise would do, and otherwise ought to do, those duties must necessarily devolve upon his clerk, or be neglected.

3271. Therefore, I presume you did not intend to convey any imputation upon Mr. Hobson's efficiency as a postmaster?—Not the slightest; I believe him to be a most efficient postmaster.

Dr. *Cameron*—continued.

Mr. *Godby.*

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3272. Are you aware that before his appointment to Glasgow, his previous postmaster had been in such ill health as prevented him from taking any active charge of the office?—I am not aware of that.

3273. Are you aware that since Mr. Hobson has become postmaster, he has introduced a great many improvements into the postal service at Glasgow?—No, I do not know that, although I do not doubt it.

Mr. GEORGE STOW, called in; and Examined.

Chairman.

Mr. *Stow.*

3274. YOU are Surveyor of the Metropolitan District, I believe?—I am.

3275. Have you heard Mr. Godby's evidence?—I have.

3276. Do you agree generally in what he has stated with regard to the possibility of getting the clerks of your extensive division to undertake the adjustment and management of instruments inside the offices?—I quite agree with Mr. Godby in what he has said, although my division includes a very much larger number of female telegraphists than Mr. Godby's.

3277. Do you think that female telegraphists might be taught to make the adjustments?—I see no difficulty in the female telegraphists who are in the employment of the department upon the establishment doing so.

3278. Of course we do not include the receiving offices?—No, we do not.

3279. Are you also of opinion with Mr. Godby that it will be desirable to keep in future the maintenance of wires and poles distinct from the surveyors' duty?—I quite agree with him on that point; I think that the two functions are quite distinct from each other in my district.

3280. In your district there might be a good deal more engineering knowledge required owing to there being a considerable amount of over-house system in operation?—I am not aware whether the amount of over-house system in my district exceeds that in other surveyors' districts, but there is a considerable amount.

3281. It might require more knowledge in order to maintain the system efficiently?—Possibly.

3282. I wish to ask one or two questions with regard to any possibility of extending telegraphs in your district; is there much space available in your district for offices for the development of further traffic, if that could be obtained?—At each of my district offices there is a very considerable amount of vacant space, owing to the abandonment of the transmission to the central station, formerly effected at the district offices.

3283. So that if from any cause, such as the cheapening of telegrams, or the development of telegraphy in the metropolis, more room should be required, there is abundant space in the offices for the reception of that increased work; is that so?—I can hardly say an abundance of space; there is a certain reasonable amount of space, but not an amount of space sufficient to accommodate the amount of local traffic which would be necessary to afford an abundant revenue.

3284. With a reduction of price, you mean?—Yes, with a reduction of price.

Chairman—continued.

3285. But take your office at Vere-street; is there not a very large space now vacant?—A very considerable space indeed, but not more space than we had occupied before the transfer of the transmitted messages to the central station.

3286. In the south-western office is there much space?—The instrument room in the south-western office is now quite empty.

3287. Has there been a considerable reduction in the number of wires and instruments in your local offices through the transfer to the central office of the transmitted messages?—There has been a very considerable reduction; I have not got the exact figures.

Dr. *Cameron.*

3288. You have effected, I presume, a number of the changes contemplated in this Report of Messrs. Preece and Graves?—I have not had the advantage of reading that Report.

3289. They commence by speaking with regard to the metropolitan districts, of the fact that, "one superintending engineer deals with the apparatus and wires within the main building; another deals with the instruments and wires (other than underground) connecting with the outside offices;" is that still the case?—That is still the case.

3290. Are you aware of the statement in the Report, that "this division of responsibility carries with it serious drawbacks"?—I have not found it so in my district at all.

3291. Is the fact as they state, that "every authority for changes affecting wires into the central station needs issuing in duplicate"?—I believe so.

3292. And that "all correspondence on engineering points relating to metropolitan circuits has to be passed through the hands of two distinct officers; correspondence is therefore multiplied, and delays, both as regards action and accounts, increased"?—I quite fancy that that is the case. My previous answer had reference simply to my own duties and to my own office.

3293. Messrs. Preece and Graves say that the abolition of transmitting in district offices will bring the whole of the London wires under the direct oversight of the central station. I thought you stated that the change had been effected?—The change which has been effected is merely the concentration of the message traffic at the central station; there has been no change in the control over the wires or instruments.

3294. Is not the present system more extravagant than it would be under concentration and control

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Mr. Stow.

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Dr. *Cameron*—continued.

control in the central office?—I fancy that the underground control and the over-house control might with great advantage be united, but I am not prepared to say that I see that any great economy would follow; it would be merely the substitution of one officer for two.

3295. The substitution of one officer for two would conduce to efficiency and economy, would it not?—Yes, to that extent there would be economy.

3296. What is the system of supervision for private wires?—Private wires originate in the office of the surveyor of private wires, but the engineering supervision is in the hands of the superintending engineer who has the control of the over-house wires.

3297. Are there separate accounts kept of those private wires?—That is out of my department, and I cannot give evidence upon that point.

3298. Is there any competition by private companies in London for the erection of private wires?—None at all.

3299. Are you aware of competition existing in other places?—I have not heard of it.

3300. What is the charge for private wires?—I am unable to say.

Chairman.

3301. With regard to pneumatic tubes, have you the charge of any pneumatic tubes in the metropolis?—The longest pneumatic tube in London is in the West Strand, Charing Cross Office, which is under my control.

3302. How long does it take for telegrams to be transmitted to that office from the central office?—It would average five minutes in the day time, as nearly as possible.

3303. Do you think that the administration of telegrams might be aided if there was a larger extension of the pneumatic-tube system; for instance, one from the House of Commons, either to your office or to the central station?—I think so.

3304. Have you considered that matter with regard to economy at all?—I have only considered the matter within the last few days in connection with the question of a reduced rate.

3305. Your answer was five minutes in transit in the tube?—Yes, five minutes from Telegraph-street to the outward station.

3306. What was the cost of the tube?—That I have not been able to ascertain.

3307. But supposing that system were extended still further, and pneumatic tubes were connected with several of the more important postal stations throughout London, do you think it might be possible, instead of telegrams, to transmit pneumatic letters in that way?—I think the first difficulty that presents itself would be with regard to the delivery of such letters.

3308. Would the delivery not be exactly the same as the delivery of the telegrams, sending a telegraph boy at once with the letter and its receipt if a sufficient amount were paid for it?—If the delivery were exactly upon the same principle as the delivery of telegrams, it would be very expensive

3309. What is the price of delivery; about a ½ *d.*, is it not?—I cannot say; at the stations where the boys are paid per message, the remuneration for each message for delivery is three-farthings; there are only a limited number of stations worked upon that system.

Chairman—continued.

3310. If you receive one shilling for a letter in a man's own hand, and delivered it as fast as a telegram, do you consider the cost of delivery would be much increased?—No, not as the shilling rate, but I foresee a difficulty in the accommodation of messengers at the branch offices in the event of a large increase of messages.

3311. Would the increase be larger than in the case of the telegraph?—That is my calculation upon the supposition, that the amount of matter to be transmitted would be very greatly enlarged under that system.

3312. How would that make a difference with regard to the cost of delivery?—It would make no difference at all.

Mr. *Leveson Gower.*

3313. What becomes of all the persons employed at the Houses of Parliament in connection with the Telegraph Department during the six months that Parliament is not sitting?—The telegraph business of the Houses of Parliament was formerly under my control; it is now under Mr. Fischer, of the Central Station. I believe that he absorbs them into his central staff, and uses them for the purpose of affording leave of absence to his staff. At the time when they were under my control, they were placed at the disposal of Mr. Fischer during the holidays.

Dr. *Cameron.*

3314. There are 25 pneumatic tubes, are there not?—I have only the control of one pneumatic tube, that which runs to the Central Office; the East Central District contains all the other tubes.

3315. Have you any idea how many there are there?—Twelve, I think; I speak solely from memory.

3316. There must be, I presume, a very large number of telegrams sent from Charing Cross to the Central District?—There is a very large number; from 300 to 400 a day.

3317. I presume that there would be no difficulty with reference to the accommodation of additional messengers to any number for the increase of business that might be expected?—If you refer to the Charing Cross Pneumatic Station, we are very badly off for accommodation for the messengers.

3318. But at the other end?—I should think there would be ample room for increase there, but that is out of my department.

3319. Apart, however, from the question of that increase of accommodation which might be rendered necessary by the increased traffic, is there any reason why even a single tube between Charing Cross and the Central District should not be employed experimentally for the transmission of such letters?—I do not see any reason why the existing tube, which is a double tube, that is to say with two pipes, should not be experimentally employed.

Chairman.

3320. Is the diameter large enough?—The diameter of the pipes is three inches inside.

Dr. *Cameron.*

3321. Are the 400 messages which you speak of 400 both ways?—No, the number of messages on

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Dr. *Cameron*—continued.

on the down journey exceeds that upon the up journey; the whole are about 1,000 a-day.

3322. At present you do send the messages through the tube?—The whole of the message traffic from the West Strand is by tube. We have no wire at all, except one for the time current.

3323. Supposing a message is at present handed in at Charing Cross for the Central District, what are the steps taken, so far as concerns its transmission?—The message, if for delivery at any station within the area of the tube stations in the City, is at once copied out in duplicate and placed in the carrier, and upon its arrival at the Central Station nothing has to be done but to put one copy in an envelope for delivery.

Dr. *Cameron*—continued. Mr. *Stow.* 19 May 1876.

3324. Would it not be a saving, at least of the copying in duplicate and the directed envelope if the system of pneumatic letters suggested by the Right honourable Chairman could be adopted?—Undoubtedly.

3325. The writer might then write his own letter, and save all your copying and clerk work in the matter?—Undoubtedly.

Mr. C. H. B. PATEY, called in; and further Examined.

Chairman.

3326. ARE you aware that there was a report by a Committee of the Treasury on the increased cost of the Telegraph Service upon the 17th June 1875?—I am.

3327. In that report various recommendations are given which the Post Office thought would be unnecessary restrictions upon the public in regard to the use of telegraphs?—Yes.

3328. In consequence of that did not the Postmaster General make a reply to the Treasury upon the 23rd of December 1875?—Yes.

3329. With regard to the alterations which he there proposes, will you shortly enumerate what they are?—It was proposed to abolish the 2 *d.* rate for the transmission of press telegrams when such telegrams were sent over separate circuits; to charge a fee of 6 *d.* upon messages handed in after 8 p.m. and before 8 in the morning, and on Sundays to charge a fee of 3 *d.* upon messages handed in at railway stations where business is transacted on behalf of the department.

3330. And also was it not proposed to purchase the rights of railway companies with regard to their facilities for sending messages?—Yes, as regards sending free messages it was proposed to buy up that right.

3331. Take the first point just now: has the press the right to the present conditions?—The press possesses the right under the terms of the 16th Clause of the Act of 1868.

3332. Will you state to the Committee what are the rights which the press possesses?—The right is given to the proprietors of newspapers and to news rooms, clubs, and exchanges to have news messages sent to them at a rate not exceeding 1 *s.* for every 100 words sent between 6 p.m. and 9 a.m., and 1 *s.* for every 75 words sent between 9 a.m. and 6 p.m., with the additional charge of 2 *d.* for every 100 or 75 words, as the case might be, of the same telegraphic communication transmitted to additional addresses; under the same clause proprietors of newspapers, or news rooms, clubs, or exchanges may obtain the use of a special wire for a period not exceeding 12 hours for the sum of 500 *l.* per annum.

3333. Let us understand about that 2 *d.* for a copy; supposing that a news message is sent for 1 *s.* to Penzance, and the same message is sent to the most distant part of the country, say to Wick, what would be the charge to Wick for a copy of the same telegram?—Twopence.

3334. Is every message, whether under 75 words or over 75 words, handed in during the day, counted as a separate press message?—No, it is not; messages at the present time handed in in portions are added together, and divided by 75, and the charge is made for as many 75 words as there are in the several messages.

Chairman—continued. Mr. *Patey.*

3335. Let us understand that: supposing that a newspaper sends you, at 12 o'clock, a message of 25 words, and then at a quarter past 12 another message of 25 words, and at 2 o'clock another message is sent of 25 words, are those three messages counted as a 1 *s.* each, or are they all added up together and charged only 1 *s.* altogether?—If the three messages were sent by the Press Association, and one or two other associations, the three messages would be counted together, and inasmuch as the number of words do not amount to more than 75, only a 1 *s.* would be charged for them, although the messages would be sent separately and delivered separately.

3336. If the newspapers sent it, how would it be charged?—If the newspapers sent it, and it was prepaid, a separate charge would be made for each message, and if a pass was put upon it, it would also be charged in an account afterwards rendered as a separate message.

3337. But not if the message was sent from the Press Association or from the Central News?—No.

3338. In the same way as with regard to the 75 words in the day you count up to 100 words in the night?—Yes, we count up to 100 words in the night.

3339. So that in whatever fragmentary manner the press news may be given to you by those news associations it has to be transmitted under a counting system for every 75 words or 100 words, although it may involve two separate deliveries?—That is so, provided the various messages form part of what is technically known as a "service:" that is to say, from the Press Association or the Central News Association to the newspapers, clubs, or exchanges.

3340. If a news message comes to you, whatever may be the number of words, and you telegraph it to any number of towns, it is only the first town which is charged 1 *s.*, and all the other towns are charged 2 *d.*?—That is so.

3341. Supposing, for the sake of illustration, there were 100 messages of one word each to be dispatched to 100 different towns, but all the messages being the same, what would be the cost?—We should charge 1 *s.* for the first 100 messages and 99 twopences for all the rest.

3342. Then the 99 towns would receive the messages for 2 *d.* each, would they not?—Yes.

3343. Have you found any inconvenience, for instance, with regard to race messages in this arrangement?—

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Mr. Patey.

19 May 1876.

Chairman—continued.

arrangement?—The inconvenience has been very great, and the loss very considerable; it is often the case that from eight to ten messages are handed in, and form part of one message containing altogether under 75 words; we have in that case to make from eight to ten separate deliveries, costing for each separate delivery upon an average a penny, whereas we get for those ten deliveries twopence; I have the case of a message sent from Lichfield last year which will illustrate that. On behalf of the Central News, the department delivered the results of the races run at Lichfield on one day in 1,640 separate messages, but received only the sum of 1*l.* 12*s.* 10*d.*, or about one farthing per separate message.

3344. Has the Post Office intimated to the Press Associations that they would discontinue these running counting messages?—On the 26th of January last we informed the Press Association and the Central News Association that from the 1st of April this year we should discontinue counting together, and also what is technically known as "averaging" the messages.

3345. What do you mean by "averaging"?—The term "averaging" is applied to the mode of charging for market reports; from Liverpool, Manchester, Cork, and other towns market reports are sent daily, and in some cases, according to the time at which the markets are held, different reports of the markets are sent to different numbers of subscribers; the whole of the words contained in market reports are counted together, and the number of copies delivered is divided by the number of reports, and the charge is made upon that basis; the consequence being that the charge to the associations is very considerably less than if each message was counted and charged separately; in fact, in some cases by careful manipulation they have been able to send three or four reports for less than they formerly paid to send two, the cost, of course, to the department being much greater in delivering the three or four messages than in delivering the two.

3346. You say you gave notice of discontinuing the system of counting together on the 1st April; have you discontinued the practice?—We have not done so.

3347. Why?—In consideration of the sitting of this Committee.

3348. Has the suggestion been made that, although it might be fair to charge 1*s.* for fragmentary messages, credit should be given for any excess over 100 or 75 words subsequently given in in a day, so as to make it up?—That suggestion has been made, but the department is not prepared to adopt it: it could only be carried out at considerable cost to the department, and could not be carried out in the case of private messages. The proposition stands something like this: if a message were handed in containing 25 words, at 12 o'clock, another containing 10 words at one o'clock, another containing 25 words at two o'clock, and 10 more words were handed in at three o'clock, each of those messages should be charged for separately—the person by whom the suggestion had been made having given up the idea that under the terms of the Act it was ever intended that the press should have the privilege which has been given them of running messages—but that having handed in these four messages, if he handed in a fifth message before six o'clock, he should be allowed in that message to make up

Chairman—continued.

the difference between the number of words sent in each of the previous messages and five times 75 words, so that we might, in the case which I have given, have to send something like 375 words in the last message, and yet only receive 1*s.* or 2*d.* for the delivery of that last message, although it contains words equal to five messages of 75 words each.

3349. But I understand that the difference in that proposal is that at all events your separate deliveries would be paid for?—The separate deliveries would be paid for.

3350. Would that add much complication to your system of accounts?—It would add very considerable complication to the system of accounts, and it could not be carried out in the case of press messages sent by private persons or reporters, because it would be almost impossible to find the previous messages, and to know what to charge upon the last message.

3351. But I think by the 10th clause of the Act, the Post Office is not allowed to give credit for messages of any kind; is not that the case?—Yes, it is.

3352. What system of accounting with the Press Association do you adopt?—We require the news associations, and newspapers who have credit accounts to deposit with us an amount of money sufficient to cover the amount of the accounts unpaid. We are able to render our accounts a month or six weeks after the messages have been sent. We therefore require them to deposit with us a sum sufficient to cover the messages sent during that month or six weeks.

3353. What is the cost of that system of accounting to the Post Office?—About 3,000*l.* a year.

3354. Did not the Act clearly indicate that all payments were to be made by stamps only?—Yes, it was so enacted; we have also, I may say, given notice to the associations that we propose to give up the system I have mentioned unless we are paid for the account keeping.

3355. With regard to the new proposals in the Postmaster General's letter contained in paragraphs 48, 49, and 50; the proposal, as I understand it is, that you are to limit the 2*d.* for the copy to hand deliveries, and where you send by a separate wire to charge 1*s.*?—That is so.

3356. What has induced the Post Office to take that view?—The Post Office has been induced to take that view on account of the extra cost which is involved in the transmission of messages by wire. Taking the instance which you quoted at the beginning of my examination, of a message handed in, addressed to Penzance and to Wick, it must be obvious that the cost to the department is very much greater in transmitting those two messages than it would be if it transmitted a message with two addresses to Penzance; we therefore think that for that extra cost to the department we should be paid.

3357. For a transmission to each town, whatever the message is, you charge 1*s.* for each 75 or 100 words; but supposing that there are six or seven newspapers in a town, you charge 2*d.* for each copy to the several newspapers, do you not?—Yes.

3358. But would not the effect of your proposal to charge 1*s.* separately in this way be to increase the number of separate telegrams which would be sent by the press associations, and so deprive you of the advantage of simultaneous transmission

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Chairman—continued.

transmission of the same message?—I do not think it would have that effect, because I can hardly conceive that the press associations would give that extra trouble to the department, nor to their own inconvenience make a separate copy of the same message.

3359. But supposing they only missed out a few words here and there, would not that count for a separate telegram?—Yes, it would; but I think that the extra cost to themselves which would be involved by their doing that would immediately stop it.

3360. Do you consider that the Post Office loses largely by the present arrangement for transmitting press news?—The loss to the department for the past year was about 20,000 *l.*

Mr. *Goldsmid.*

3361. Do you mean the financial year up to March?—No, I was taking it to December, because a change was made in December which lessened that loss.

Chairman.

3362. Will you give me an illustration. Take a group of towns on the northern wire, Nottingham, Sheffield, and Leeds, and give me the general results of the operation of the system?—On the northern news-wire, as it is called, we serve four centres, Nottingham, Sheffield, Leeds, and Bradford. From Nottingham we distribute news to two towns, from Sheffield we distribute to four towns, from Leeds to ten towns, but from Bradford we now supply no other towns.

3363. What receipts did you get from that northern wire?—The receipts were 4,352 *l.*

3364. And what were the expenses?—The expenses were 7,654 *l.*

3365. What was the loss?—The loss was 3,302 *l.*

3366. I think the honourable Member for Hull went with a deputation to the Postmaster General and remonstrated against the proposed charges?—He did.

3367. Can you give the Committee an illustration with regard to this town of Hull?—The receipts from the transmission of news to Hull are 320 *l.* per annum, and the cost of the transmission of news to Hull is 1,055 *l.*; therefore, the newspapers and exchanges and news-rooms of Hull are subsidised to the extent of 700 *l.* per annum.

3368. How did you arrive at that cost?—The cost was made up of the following items: The cost of supervision in the secretary's office; the cost of account keeping; the cost of what is known as the Intelligence Department in London, that is the department which receives the news from the Press Association or the Central News Association, and prepares it for transmission to the country; the cost for supervision and manipulation in the Central Telegraph Station in London; the cost of supervision and manipulation in Hull; the cost of the messenger service in delivering the messages in Hull; the proportion of the cost of the wire and the instruments used in transmitting the news; the cost of stationery, and the cost of fuel, light, and incidental expenses.

3369. A proportion of each item?—Yes.

3370. Now, upon the system recommended by the Postmaster General of charging 1 *s.* instead of 2 *d.* for a copy of the news, what would be your receipts under your new proposal in Hull?—Our receipts in Hull would be about 1,500 *l.* if we got a large amount of news sent; but no doubt a considerable portion would not be sent, and it is almost impossible to form any reliable estimate of the receipts.

3371. Do not you think that if you applied this 1 *s.* charge for each separate town, and 2 *d.* for the newspapers in the town itself, the charge might be so prohibitory as to prevent the transmission of news?—I do not think it would, inasmuch as there has been a tendency on the part of the papers generally, not confined only to the larger papers, to take separate copies of news, which are special to themselves.

Mr. *Goldsmid.*

3372. Not only copies of news which are special, but which they wish to keep special?—Yes, that is to say, news sent by their own special reporters. I find that those special messages, which amounted in 1870 to 5,785 *l.*, have increased in 1871 to 8,200 *l.*; in 1872 to 12,000 *l.*; in 1873 to 15,600 *l.*; in 1874 to 17,000 *l.*, and in 1875 to 18,200 *l.*, each of those being for the year ending the 31st December.

Chairman.

3373. I understand from that that the newspapers are more and more taking special news suited to themselves?—Yes, that is so.

Mr. *Goldsmid.*

3374. Is that increase greater than the increase in ordinary press messages from the associations?—It is very much larger. The amount of news sent by the Press Association has not increased since 1871. It remained about the same figure; the other associations have increased, but only in a small degree; nothing like the other increase.

3375. So that there is a very strongly increasing tendency to send special news to a particular newspaper, for the special purpose of selling that paper?—Yes.

Chairman.

3376. Is one reason of that that a considerable quantity of news is sent which is never used?—I think that is the reason.

3377. How many words does the Post Office deliver of news messages weekly; is it about 4,000,000 words?—It is about that.

3378. A good many of the newspapers have special wires, have they not?—Nineteen newspapers have special wires.

3379. How much does each newspaper pay for a special wire?—£. 500 per annum.

3380. Is the demand increasing?—Yes.

3381. Have you any applications now that you cannot grant?—We have one. We have been applied to by an Aberdeen newspaper, and we have been obliged to refuse to grant it as we have not any wires to spare to Scotland.

3382. I suppose you take some of the special wires, such as the Stock Exchange wires, and apply them at night for the newspapers?—All the Stock Exchange wires are used at night for special newspaper wires, and we have to send ordinary messages and special press messages over circuits which are made up by joining together circuits, that is to say, a circuit from London to an intermediate town, and a circuit from that intermediate town to towns in Scotland.

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Mr. Patey.

19 May 1876.

Chairman—continued.

3383. Can you tell me, with regard to this large number of words transmitted, how many of them are repeated words, and how many of them are words which come under the shilling rate?—We deliver for the News Associations 258,600 words at the 1 *s.* rate, and 3,413,900 at the 2 *d.* rate. For newspapers, we deliver 568,000 at the 1 *s.* rate, and 8,400 at the 2 *d.* rate.

Mr. *Goldsmid.*

3384. Can you tell us also how many copies are delivered by hand in the same town and how many in different places?—I regret that there are no data upon which a reliable statement could be based.

Chairman.

3385. Do you consider that the present plan carried on at a loss, as you state unnecessarily, squanders national resources by the news sent not being all used?—I think it does. I have in anticipation of any such question being raised by the Committee obtained information from various post offices throughout the kingdom, and I have a return here of the answers of the postmasters, from which it appears that in a very large number of towns only a small portion of the news is inserted in the newspapers. In many cases, on inquiry of the proprietors, it is stated that it is not inserted, inasmuch as it is not of interest to the readers. In other cases, because the amount of local news is more than will admit of the special news being inserted.

3386. Have you had any instances where transmitted news was issued afterwards from the newspaper office to private subscribers, and not for the benefit of the public?—We have. I had a case a few weeks ago of a newspaper at Bath; the "Bath Argus;" in which news, which was supplied for publication in that newspaper—the result of races and betting—was made up in a small printed slip, and sent out to public-houses whose supply of such news at press rates had been stopped at the end of 1875. In that case the department lost the benefit which would have accrued to it from those public-houses having to get the messages at the ordinary inland rate of 1 *s.* for each message.

3387. Have you any cases where the news supplied is not given to the public, but used for the private information of the proprietors and the proprietors' friends?—We have had many such cases. I find that there is a newspaper at Christchurch in which the publisher states that the report of the London corn markets is not published in the paper, but is kept for his private information. I find that at Coleraine the secretary to the newspaper is connected with the milling and grain trade, and there seems to be no reason to doubt that the Corn Market Report which he receives and never publishes in the newspaper, is used for his own information, and I have many other similar examples.

3388. Let us see whether the plan which you propose would act equally in all the districts; supposing, according to your plan, Manchester pays 1 *s.* for its first news-message transmitted, and each of the other five newspapers in Manchester pays 2 *d.*, that is 1 *s.* 10 *d.* that the news to Manchester for 100 words at night costs Manchester?—Yes.

3389. And supposing you sent to Ipswich, where there is only one newspaper, would that paper not have to pay 1 *s.*, where the Manchester newspaper gets the message for 2 *d.*?—The Ipswich newspaper would have to pay 1 *s.*, as compared with something over 3½ *d.* which each Manchester newspaper would pay to us, but still, looking at it from a post-office point of view, the cost of sending a message to Ipswich would very considerably exceed the cost of sending the message to Manchester to the five newspapers.

3390. And you consider that sufficient to justify the great inequality of charge which towns with a single newspaper would have to pay?—Yes; moreover, a town with a single newspaper has no competitor, and therefore its news so far ought to bring the paper in greater receipts.

3391. What is the financial amount altogether that you get from news messages?—We got, last year, 55,000 *l.*

3392. I think you told the Committee that 20,000 *l.* of that was at the 1 *s.* rate?—Yes.

3393. That was for special messages?—Yes.

3394. How much do you get from the chief press associations?—We get about 32,000 *l.*

3395. And how much do you get from the private wires?—In the 55,000 *l.* I have not included the amount received from special wires.

3396. But in addition to the 55,000 *l.*, how much have you received from private wires?—Last year we received 9,000 *l.*, and this year we shall receive 9,500 *l.*

3397. That is to say from private wires used for newspaper purposes?—Yes.

3398. In addition to newspapers, does not the Act compel you to send news to news rooms?—It does.

3399. Have you ever given a definition of what is a news-room?—No, we have been obliged to decline to give it; but when we have been asked to supply news to news-rooms, we have made inquiries as to the *bonâ fide* character of the news-rooms, and have given the privilege or withheld it according as our inquiries proved the news-room to be.

3400. I suppose public news-rooms are those you would supply?—We should supply public news-rooms without question.

3401. Would you supply the rooms of an hotel?—No, we decline to do that, as we do not consider that it was intended by the Act.

3402. Would you supply a mechanics' institution?—Yes, we would supply that; we have, I may say, very considerable difficulty in determining what is a news-room.

3403. Does not the Act also say that you must send messages to clubs at press rates?—Yes, and we have great difficulty in determining what is a club.

3404. For instance, a betting club; would you have to supply that at the press rate?—Yes, if it were a *bonâ fide* club; but we had the case of a private club at Bristol, where certain gentlemen hired a room and had separate keys for each member made for the door in which a letter-box was put; the sporting telegrams were placed in this box by the messenger, and whenever a member wished to see what was the result of a race he opened the door, and thus used the information for his own private purposes.

3405. In such a case you refused to send the messages at the press rate?—Yes, we refused to send them.

3406. Were

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Mr. *Cubitt.*

3406. Were these facilities, which you have been describing as given to the press, entirely new when the telegraphs were made over to the Government?—No, they were not new.

3407. It is a system which was commenced by the companies, but was very much extended when the telegraphs were purchased by the Government?—That is so.

3408. You say that your opinion is that the facilities now are rather in excess of what you would allow?—They are considerably in excess.

Mr. *John Holms.*

3409. I think you stated that, as regards the press charges, any number of words might be sent from time to time for 1 *s.*, until, having accumulated, they reached the number of 100 in the night, and 75 words in the day?—Yes.

3410. I suppose that the ordinary number of words used for the address is something like 13?—In press messages certainly not so much as that.

3411. How many would it be?—From four to five.

3412. In the case of each of those fragments, would they have the addresses free?—The addresses are free.

3413. Therefore it comes to this, that when you send a message of 75 words altogether, there are four or five added for the address which makes it 79 or 80 words, but if they are sent in fragments of 25 words each, with the addresses added, it therefore follows that you give them something like 90 words for the shilling?—Yes, that is how it works out.

Mr. *Charles Allsopp.*

3414. You were going to give the Committee an instance of a message sent from Lichfield; you refer to the racecourse, do you not?—Yes.

3415. Can you state what the special wire from Lichfield to the Heath costs?—

3416. In the case of supplying a news-room, who determines what should be done, you or Mr. Tilley?—The Postmaster General, as the head of the department.

3417. But I do not suppose that he does all these things himself?—The facts in some cases are laid before him, and he decides upon them.

3418. Are they laid before him by yourself?—By Mr. Tilley.

Colonel *Alexander.*

3419. You were talking of racing telegrams; do I understand you to say that any loss is incurred by the Post Office for racing telegrams?—Racing telegrams are a source of profit, but not the racing telegrams which are sent at press rates.

3420. Do you propose to make any increase in the charge for racing telegrams?—No, I think that an increase in the charge would tend to decrease the number of messages.

3421. You do not agree with what one witness said, that where special facilities are given, the rates should be increased?—I think certainly not in the case of racing telegrams.

3422. In the case of Stock Exchange telegrams, would you advise an increase?—No.

3423. With regard to Hull, is that exceptionally situated?—No, other towns are similarly situated.

Colonel *Alexander*—continued.

3424. Is the rate of 500 *l.* per annum in the case of a private wire remunerative?—It is remunerative, but less so in the case of Irish and Scotch newspapers than it is in the case of an English paper.

3425. Do you think that an increase should be made in the charge for a special wire?—I think 500 *l.* pays the department.

Mr. *Goldsmid.*

3426. You referred to the cost to the department of messages. I believe it is the fact, is it not, that the cost of private messages to different places varies very much?—The cost of dealing with the messages at the various offices varies.

3427. You have prepared a Table, I believe, for the Appendix, which shows that the cost per message, exclusive of news, varies very much to the department?—I have.

3428. Would the cost of news messages vary in the same way to the department?—It would.

3429. And therefore to a certain extent that question would enter into the arrangements with regard to the charge which should be made to the newspapers, if you were to establish matters upon a different basis?—In that case that question might have to be considered.

3430. As the Right honourable Chairman pointed out, the newspaper at Manchester would pay very much less for the same message than the newspaper at Ipswich, because there is only one newspaper at Ipswich?—Yes, but then the cost of transmitting and delivering the message at Ipswich would be much higher than the cost in Manchester.

3431. Therefore, if one were to go according to the difference in the number of newspapers in any place, it would involve a very great difficulty in the calculation in consequence of the difference of cost to the department to deliver in different places?—That is so.

3432. You stated that you could not come to any conclusion with reference to what the net result would be of the increase of charge which has been proposed by the Post Office to the newspapers. Do you think that the difference of charge to the newspapers would be so great as to prevent their sending nearly the same amount of news as they are sending now?—My answer had reference to the case of Hull, and in that case we cannot say what the effect will be, but the Postmaster General states that he thinks the effect on the revenue will be an increase of 30,000 *l.*

3433. But it is only with regard to Hull that you think there would be a suppression of news?—As much news as is now sent to Hull would not be sent to Hull if the rate were raised. The difference is, of course, more felt by press associations in sending news from London than it is by individual newspapers.

3434. Do you agree with the calculation about the 30,000 *l.*?—Yes.

3435. That would more than cover the loss at present, would it not?—Under that proposal, we think, we should only get a very small profit.

3436. What profit would you make then?—We might make a profit possibly of about 10,000 *l.*

3437. Have you considered the possibility of re-arranging the terms, so as to make the newspapers pay the actual cost incurred, without giving a profit to the department, considering

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Mr. *Patey.*

19 May 1876.

Mr. *Goldsmid*—continued.

that you were performing a public service which should be the profit as it were, and which would give a *via media* between the Postmaster General's Report and the existing circumstances?—Under the proposition which has been made, we think we should still be transmitting news at very advantageous rates to the press.

3438. But that would be making a profit; what I want to know is whether there would be any means of making the newspapers just cover the actual expense that you would be put to without giving you a profit, but without you incurring any loss?—Yes, we could do that.

3439. Have you discussed any plan upon which that could be worked?—It might be possible instead of charging a separate rate for each separate town to raise the copy rate to such a figure as would just cover the expenses.

3440. You have considered that point?—We have.

Dr. *Cameron.*

3441. You mention in reply to a question which has just been put to you, that by revising the copy rate you might meet the difficulty. Now, if you were revising the copy rate, would it not necessitate a large reduction upon all special news messages?—I do not think it necessarily would be so.

3442. If you propose to charge so much for a copy, say that you charge 6 *d.* a copy, is it not the fact that you get 1 *s.* for every 100 words of a special news message?—I would still propose to keep to the 1 *s.*, only raising the 2 *d.* to a higher figure.

3443. But we have heard a good deal about uniformity, and so on. If you adopt the 6 *d.* or any given rate in one case, you must adopt it in every other, must you not?—But I have not heard that it is decided to adopt it.

3444. If you made that alteration; if you decided to adopt a 6 *d.* rate per message in the case of a message transmitted to 100 different addresses, you must either adopt the same rate for a message transmitted to a single address or make some intermediate charge in case of messages transmitted to two or to 25 addresses, is not that so?—No, I do not think that follows at all.

3445. Supposing you adopt the 6 *d.* charge for messages addressed to 100 addresses, what would you propose to do in the case of messages addressed to 50 addresses?—The same.

3446. And what would you propose to do in the case of 25 addresses?—The same.

3447. And in the case of 10 addresses?—The same.

3448. And to two addresses?—The same; but such a proposition has not been thought of by the department. I understand you propose to charge for a single message, 6 *d.*

3449. Would you kindly explain your scheme a little more fully to the Committee?—I would propose that the first copy of a message should still be charged 1 *s.* and that the second or succeeding copies of the message, instead of being charged, as they are now, 2 *d.*, should be charged some higher rate to be fixed upon.

3450. And that independently of whether the messages were transmitted by wire or by hand?—Yes.

3451. Is not that breaking through your own principle?—I was asked by the honourable Member for Rochester whether any other plan could be adopted.

Dr. *Cameron*—continued.

3452. With regard to the news tariff, are you aware how that came to be adopted?—I am. The news tariff was adopted in succession to the plan under which news was charged for by the companies; under the old companies the charge for the transmission of news was made in two different ways: first, the news supplied by the Intelligence Department of the three companies was supplied at a contract rate, so much per annum; and secondly, at a rate per message.

3453. With regard to the contract rate of so much per annum, have you any information to give to the Committee as to what that rate, when worked out into a word rate, would amount to?—It has been stated that that rate worked out into a word rate was 4 *d.* per 100 words.

3454. Of which it was stated before the last meeting of the Committee, that 2 *d.* was absorbed in the cost of collection, and 2 *d.* in the cost of transmission?—I think not; I think it was stated that the cost of transmission was three-fifths; you will find in the evidence given by Mr. Taylor that the cost of transmission was 127 *l.*, and the cost of collection 73 *l.*; based upon the averaged cost of the newspaper messages at 200 *l.* per annum.

3455. That would be, as nearly as possible, the average cost of a news message under the present multiple system, would it not?—It is nearly so.

3456. As nearly as possible 2½ *d.* is the average cost for 100 words, including the initial shilling?—Leaving out the special messages; that is the cost of the news associations messages.

3457. Therefore the cost at the present moment is, as near as possible, what it was under the old system?—Yes.

3458. The old companies were not in any way under any obligation to subsidise the press of the country?—No, they were not.

3459. They must have, I presume, adopted this tariff as the one, in their opinion, likely to pay best?—Most probably.

3460. It was not a novelty with them, was it?—It was not.

3461. They had had a long experience of it, and they adhered to it?—Yes, they did.

3462. There has been a large increase in the working expenses of the Telegraph Department throughout, has there not?—There has been.

3463. Therefore you may suppose, to a certain extent, the loss upon the press telegrams arises from that increase so far as it extends to them?—Only to a certain extent.

3464. And to another extent, and probably to a large one, you will agree, I presume, that it is due to the different mode of working, which is inevitable from the Government working the telegraphs?—Under the old companies the companies both collected and transmitted the messages. Under the present system the Government only transmits that which is collected by others.

3465. But not merely so; the three companies working together had a monopoly, whereas Parliament has very carefully provided that under the present system no person shall have any monopoly?—Under the Act it permits the Post Office to make arrangements with the persons specified in that Act.

3466. But what I mean is this: that if I chose to start a news association to-morrow, I should be

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Dr. *Cameron*—continued.

be dealt with upon precisely the same terms as any newsagent?—Yes; if it can be proved that we are not giving news agencies what they should not have.

3467. At all events, while you are dealing with news agencies upon any given principle, that principle would be required to be extended to every news agency, would it not?—Yes.

3468. The fact of competition being thus unrestricted involves a large expenditure of itself?—Yes.

3469. You mentioned that special wires pay?—Yes, they do.

3470. What is the cost of working a special wire, say to Manchester?—The cost of working a special wire to Manchester is about 200 *l.* per annum.

Mr. *Cavendish Bentinck.*

3471. You mean to anyone?—To any newspaper.

Dr. *Cameron.*

3472. Therefore the Post Office clears 300 *l.* upon the transaction?—About that; but that is arrived at in this way: that we charge against the 500 *l.* nothing for the maintenance or the capital expenditure of the wire or instruments.

3473. Is it not the fact that the wire would require the same amount of maintenance if it were not employed during the night as a special wire?—Yes.

3474. The wear upon the instrument is very slight, is it not?—The instrument is paid for separately; we do not use the same instrument during the night as we do during the day.

3475. The charge for the wear and tear of an instrument is very trifling, I believe?—It is not very large.

3476. It would be under 10 *l.*, would it not?—Yes.

3477. Those wires pay well, I believe, even to Scotland?—They pay, but not so well as the others.

3478. The additional cost in the case of the Scotch wire would be due to the necessity of relays, would it not?—That is so.

3479. What expense would that involve?—From 50 *l.* to 75 *l.*

3480. So that even in the case of the Scotch wire, the profit to the Post Office would be about 200 *l.* a year?—Yes, about 200 *l.* a year.

3481. Does the Post Office encourage special wires as a means of transmitting news to the press?—It gives a wire wherever it is possible to give it.

3482. Take the case of Manchester: if the profit upon the Manchester wire would be 300 *l.* a year, the profit on half a year would be 150 *l.*?—Yes.

3483. If a Manchester newspaper applied for a special wire for half a year would you give it?—No.

3484. Upon what principle would you refuse it?—Upon the principle that it would have the use of the wire at the time when we most required it for other purposes.

3485. But at night a number of wires are lying idle, are they not?—We have not many wires lying idle at night to Manchester.

3486. But suppose you take the case of a newspaper at Penzance?—I do not think that a newspaper at Penzance could afford to pay 500 *l.* a year.

Dr. *Cameron*—continued.

3487. But supposing it did, I want to know if you would take the profit of 150 *l.* for six months' use of that wire?—I think not; I would rather give up that profit than use the wire for messages to that paper.

3488. You would rather, in other words, carry messages at a loss, than let the wire at a profit of 150 *l.* for six months?—The loss on messages at night is not so great as during the day. In the case of the Penzance newspaper you speak of, if it wanted a special wire, it would in all probability have previously taken a very large amount of special messages upon which, as we state, a profit accrues.

3489. You have stated that the loss is not so great upon night messages. You send a larger number of words for a shilling at night, than during the day?—We do.

3490. Thirty-three per cent. more, do you not?—Yes.

3491. Do you mean to lead the Committee to infer that all the loss you have described is due to day messages?—I do not.

3492. And, therefore, that the night messages are transmitted at a loss?—No, I say that the loss on night messages is not so great as the loss on day messages.

3493. But there is a loss on night messages, is there not?—There is.

3494. Taking duplicate messages, is there a loss?—Taking duplicate messages, there is a loss.

3495. Supposing the Penzance newspaper were to take all the services of the Central News and the Press Association, you would incur a considerable loss in that way?—We should.

3496. You would not allow that paper to take a special wire for six months in the year, whereas if the Press Association chose to contract with that newspaper for six months in the year they could do so?—I believe it could not; the Press Association only contracts for 12 months.

3497. But it could if it chose?—I suppose it has a good reason for making that arrangement.

3498. Does the Central News contract for less than a year?—I believe it does; but it contracts at a proportionately higher rate.

3499. So that if the Penzance newspaper chose to contract for the busiest six months in the year, you would carry its messages at a loss?—Yes.

3500. But if the Penzance newspaper wanted to hire a special wire for six months, and to have its news handed in at the London office, and sent to the Penzance office at a profit to the department of 150 *l.* for six months, you would refuse it?—The case you put is a hypothetical one, and would never occur.

3501. But that is the logical effect of your action?—That wire is used for other purposes, and very possibly I might not be able to give it.

3502. You say that news is carried at a loss, but you said also that you objected to certain newspapers supplying slips of racing news to public houses?—Yes.

3503. On what principle do you raise that objection?—That news sent to a paper was only intended for publication in that paper.

3504. But I think you mentioned in your evidence that the Post Office considered itself injured by the public-houses being deprived of the inducement to telegraph direct?—Yes.

3505. Therefore your objection to that system is the possible injury to the Post Office from the competition of newspapers?—It is not a *bonâ fide*

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Mr. Patey.

19 May 1876.

Dr. *Cameron*—continued.

fide competition. The Bath "Argus" is published once a day, but it sends out when it gets them the results of races on little slips to some of the public houses; that we consider was not intended by the Act.

3506. The public-houses would not take your messages at the higher rate, would they?—They would take them.

3507. But they used to take them at the lower rate?—Yes, but they have recently taken them at the higher rate.

3508. You want to squeeze them into the higher rate?—Certainly, because the newspapers have no right to make that use of the messages which are sent at the lower rate.

3509. Is it not the case that you tried to squeeze the newspapers into methods of transmission which you say involve loss to the department?—I do not quite understand the question.

3510. You mentioned the Northern Circuit, on which the loss was upwards of 3,000 *l.*?—Yes.

3511. I am obliged to take cases more or less hypothetical, but I do not think that that affects the argument; if there were a single central point in that circuit which could be reached by a special wire on which, as we have seen, you would make a profit, would you allow news received at the other end of that wire to be manifolded and distributed over the newspapers in that district for publication by those newspapers?—I have never considered the matter. I do not think it would be possible to do it.

3512. If it were possible, you would save a loss of 3,000 *l.* a year?—But the public would get no benefit.

3513. You would save 3,000 *l.* a year at any rate?—But I do not see how the readers of newspapers would get their news.

3514. What I want to bring out is this, that it is strictly forbidden to multiply or use for any second paper news sent along a special wire?—That is so.

3515. In that case that prohibition tends to keep up the loss that you complain of, does it not?—No, because the special wire yields a profit.

3516. If a paper in Manchester had a special wire, and undertook to relieve you of all the loss which you say you at present incur on Association messages by manifolding its news and distributing it to the other Manchester papers, would it not be a gain to the amount of that loss which you would otherwise sustain?—That is so, but that is a thing which, I think, would never be permitted.

3517. That is precisely what I wished to bring out; all the facilities that are given to newspapers, so far as the tariff is concerned, are extended to clubs and exchanges?—They are.

3518. Was it so under the old system?—It was.

3519. You mentioned the case of Hull as a case in which the office loses money?—Yes.

3520. You suggested that the rate should be raised so as to make it pay?—Yes.

3521. Are you aware that there are a great number of ordinary telegraph offices throughout the country which do not pay?—Yes, there are, but the number is decreasing monthly.

3522. What was the number in 1875?—In 1875 it was 228.

3523. But yet the Postmaster General does not coincide with the suggestion to shut up any of those offices?—He does not.

3524. Do you agree that no facility should be withdrawn from the public which they at present enjoy with regard to those offices?—That is so.

3525. Do you not think that if you applied that principle to newspapers, news-rooms, and clubs, it would materially interfere with the proposed change in the press arrangements?—I think that I have shown you that, with an increase of rate, the public would almost be as well served as at present, inasmuch as a very large quantity of the news sent is made of no use.

3526. Does that apply to news sent to news-rooms?—I think so.

3527. How do you show that the news is not used by news-rooms?—I do not say that it is not used by the news-rooms, but that it is frequently of very little benefit on account of the nature of it.

3528. Are you aware of the reason which induced Mr. Scudamore to resist any proposal for the Government collection of news?—Yes, because of the bias which might be given to the news that would be sent by a Liberal or Conservative Government as the case might be.

3529. You believe the Government is not the proper party to judge what news is likely to be interesting to any class of the public?—I think it better that it should not be the judge.

3530. Have you not been in the habit of judging that certain news sent to news-rooms is not worth sending?—That is a matter of opinion.

3531. Upon that point your opinion would not be worth having so much as the opinion of the managers of news-rooms?—That must be left to the news-rooms managers.

3532. If the same item of news is sent to all of 100 newspapers, is it not almost a matter of necessity that it must be of a little use to some dozen of them?—It is not on that account that I make the remark so much as on account of the uselessness of the news itself.

3533. Are you aware that what may be of great use on one occasion to a newspaper, is of no value under different circumstances?—That is so. I find that many postmasters have reported in answer to inquiries that the newspaper proprietors take news from the association solely on the chance of getting something now and then of a little value.

3534. They have to pay for all they take?—The rate is so cheap that they can afford to pay it.

3535. Have you ever thought it worth while to inquire with reference to the proportion of special press telegrams not made use of?—Yes; I know that a large portion are not made use of.

3536. Although they cost 1*s.* per 100 words?—Yes; but that has been from too large a quantity having been sent for the newspaper to print it.

3537. Is not that, probably, the cause of this multiplied news not being used also?—It is not stated so by the proprietors we have asked. The proprietor of the "Southport News" told me that on one occasion he had 18,000 words of special messages that he could not make any use of.

3538. What did he pay for them?—I cannot say what the rate was; but still it was more than he

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Dr. *Cameron*—continued.

he would have paid to the Press Association for it.

3539. If it had been at the rate of 1*s.*, he would have paid 9*l.*?—Yes.

3540. That would have paid the Post Office very well, would it not?—Yes.

3541. Do you propose to reject that revenue?—We should not reject that revenue.

3542. If you propose to make the non-publication of news an argument for altering the bargain in the one case, does it not necessarily follow you should do so in other cases?—I think our argument is more with regard to the loss which has resulted to us from the mode adopted by the Press Association and Central News, of sending news from London.

3543. One peculiarity of the mode is divided messages, is it not; in the facts which you have quoted, recording the amount of work done, and the rate at which it was done by the old companies, was not the average made up on that system of continuous counting?—I do not think they thought of that at all.

3544. But you have been referring to Mr. Taylor's evidence; does not he say that newspapers received so many words, being at the average, I think, of 4,000 words a day, and that those cost so much?—Yes, that is so.

3545. Was not that computation made upon the continuous counting system?—He arrived at the number of words he received by counting all his messages together.

3546. On the continuous counting system?—Yes, but the charge was not made upon that basis.

3547. But the working out of the charge was made upon that basis?—Yes, certainly.

3548. So that involuntarily the charge in the Act was based upon the continuous counting system?—I do not think that that is so.

3549. You say that Mr. Taylor counted his words upon the continuous counting system?—In answer to a question, he stated how many words he received daily.

3550. Not giving any indication of the cost per message?—But I take it that it would be much the same as a man having an income from two or three different sources, he would tell you that it was so much a year in the gross.

3551. If you adopt that principle, that is precisely what the Press Association and the Central News contend for, is it not?—I am not aware that the Central News contends for continuous counting.

3552. The Press Association does?—Yes.

3553. If you take 1,000 words a year, would it not be competent for the association to say that it is no matter to you what sources we make up our 1,000 words from?—But it does matter to us, because it is a greater cost to us.

3554. I am putting to you that in Mr. Taylor's case he arrived at his computation, though without thinking of it, on the continuous counting system?—As I say, Mr. Taylor counted his messages and found that they amounted to 4,000 words.

3555. Is it not the fact that it is often more conducive to the convenience of the Post Office, that one message should be sent in in detachments, than that it should be all handed in at once?—Yes, when the message exceeds 500 words.

3556. How would you propose to deal with it in that case?—We should allow in the case of a report of proceedings in Parliament, or the report of a speech made in the country, that, if the message was handed in with only a short interval of time between each handing in, it should be counted together, inasmuch as it would keep a continuous supply on the wire.

Dr. *Cameron*—continued.

Mr. *Patey*.

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3557. Is it not the fact that you adopt a precisely opposite principle in dealing with special press messages?—No, we do adopt that principle now.

3558. Is it not the fact that if a special message of 200 words is handed in to you, you have a rule authorising you to refuse it if notice has not been given to you?—Yes.

3559. And is it not the fact that that rule is evaded by correspondents sending in to you a number of messages amounting to 200 words?—No; whenever we find it out we stop the practice.

3560. But you say that these special messages pay?—Yes, they do.

3561. And yet you place this impediment in their way?—Yes, for the reason that we require notice, in case of a large amount of news being sent to a country town or from a country town to London, in order to procure the attendance of clerks at both ends of the circuit; otherwise newspapers which had given us notice would complain of their messages not being sent in time for publication.

3562. Do you abide by this rule in all cases?—Yes.

3563. Without exception?—As far as possible in all cases.

3564. Then, supposing a single message was handed to you when you had plenty of clerks at both ends, and could easily send the message, would you then abide by your regulations?—No.

3565. With reference to the cost of delivery, of which you spoke, how much did you say that that cost you?—It costs us upon the average about 1*d.* a message.

3566. And in some places it costs you nothing?—That is a fictitious statement; it does not convey a fact.

3567. The Committee have had it in evidence that in one office, at all events, it was the system to send out service and press messages by the last messenger while he was waiting his turn for an ordinary message?—Yes, I heard that given in evidence.

3568. You say that it is a fictitious statement?—Because I conceive that a portion of the wages of that messenger ought to be properly charged for the cost of delivering the news.

3569. But if the messenger is not paid by wages, but by so much a delivery?—Then a portion of the sum paid for delivery should be charged to the news.

3570. Do you charge a portion of the delivery to service messages in the same way?—We in very few cases send out service messages.

3571. But you do send them out?—Yes; to the officers in the department.

3572. How do you charge for that?—In some cases the same as for other messages.

3573. Is it not the fact that newspapers, under the old companies, used to send for their news messages themselves?—A few of them did.

3574. And the company was, therefore, not put to any expense in that way?—No.

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Mr. *Patey.*

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Dr. *Cameron*—continued.

3575. But did not the Post Office refuse to allow that system to continue?—No.

3576. Not in some cases?—Yes, because of the noise and trouble caused by the boys who were sent from the newspaper office.

3577. They did refuse in that case?—Because of the trouble given, but not as a rule.

3578. Did not the Post Office refuse to give messages to any messenger whatever who was sent, and insist in certain offices on sending their own messengers?—The postmaster in such a case acts without instructions.

3579. Have you sought information upon that special point?—I can say that a London newspaper is in the habit of sending a messenger on every race-day of any importance for its messages.

3580. And outside London is that also the case?—Yes, I know they are sent for in many cases.

3581. Does your experience lead you to suppose that mine is exceptional, when I say that I have known the case that I refer to?—I should think it was very exceptional.

3582. You spoke about the Act of Parliament requiring all payments to be made by stamp only; is that rule enforced in the case of ordinary telegrams?—Yes, it is.

3583. Are there any instructions given to the clerks not to receive money?—If a clerk receives money he puts a stamp upon the message form at once.

3584. Has that ever been attempted in the case of press messages?—A large number of messages are prepaid; about 6,000 *l.* worth in a year.

3585. The messages are all prepaid practically, are they not?—Yes, by the plan I mentioned.

3586. That plan, I think you explained, was, that the newspapers are required to deposit the average cost of one month's sending?—Yes, in the case of newspapers, and, in the case of associations, a month or six weeks.

3587. How much does the Association deposit?—£. 1,500.

3588. And the Central News, how much?—I think it is 1,000 *l.* now.

3589. Their messages are really prepaid?—Yes; but in their case we have to keep accounts and render them before we get the money due for the transmission of the messages.

3590. Would it be practicable to work the system without keeping accounts?—Quite practicable.

3591. In what way?—They could be paid for as each message was handed in; that is to say, so soon as this counting together and averaging is given up.

3592. As regards averaging, you do not average upon the prepaid messages at all, do you?—Averaging only applies to market reports.

3593. The system you at present adopt was not adopted, I understand, without full discussion, by the Post Office?—It was adopted after full discussion.

3594. The Post Office contended that the system which was finally adopted was not that required by the Act of Parliament?—Yes, as it does now.

3595. And the Press Association contended to the contrary, did it not?—They did contend to the contrary.

3596. Was the Post Office solicitor consulted on the matter?—He was not.

Dr. *Cameron*—continued.

3597. Who then was consulted in the matter?—It was decided after discussion between the officers of the Post Office and of the Press Association.

3598. It was decided, after a discussion between the officers of the Post Office and the Press Association, that the system adopted up to the end of last year was that which the Act intended; is that so?—No, it was not so; it was a concession to the Press Association.

3599. Were not the two parties in contention?—They were.

3600. Upon what ground did the public department concede anything not lawful to a private association?—We considered that it did not carry out the exact terms of the Act.

3601. You considered that it was not a proper interpretation of the Act?—Yes.

3602. Your position is that during those years you gratuitously gave out of the public funds an illegal subsidy to a private association?—It was not a private association; it was an association of public newspapers.

3603. With reference to its being a public association, you are aware of its being an ordinary limited company?—It is an association of public newspapers.

3604. An association of newspaper proprietors?—I should have said an association of newspaper proprietors.

3605. Who are not by any means endowed with any special title to be considered as a public body?—No; the contention was upon the part of the Press Association, that this concession would benefit the press and the public, chiefly the public.

3606. The Press Association contended that you were doing nothing more than you were entitled to do according to the strict interpretation of the Act, did it not?—Yes, and they do so now.

Mr. *Goldsmid.*

3607. And you contend the other way?—Yes, we have taken further advice, and we believe that their contention is wrong.

Dr. *Cameron.*

3608. Therefore is it not rather an extreme measure to make an important change in what has been the acknowledged practice, believed at least by one party not to be gratuitous, but to be their just due under the Act of Parliament, without taking some legal opinion upon the subject?—We have good legal opinion upon the subject, and we have no doubt that our interpretation is right.

3609. Is that an opinion of counsel?—Yes, an opinion of counsel.

3610. The Postmaster General, in his report, disclaims any desire to make any sweeping change?—Yes, he does.

3611. Do you consider that the proposed change as regards press telegrams would be a sweeping change?—I do not think it would.

3612. Would it not be a sweeping change to charge the Hull newspaper 1 *s.*, and the Manchester newspaper 4 *d.* for 100 words?—It would be a considerable addition to the charge.

3613. May I ask what you consider would be a sweeping change on an average 2½ *d.* charge?—If we charge 10 *s.*

3614. With regard to special wires, did I understand you to state that you considered

500 *l.*

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Dr. *Cameron*—continued.

500 *l.* rather a small charge for the Scotch special wires?—I do not think so; I said we did not make so much profit out of them.

3615. You are aware, are you not, of the principle upon which the special wire charge was made; will you explain the circumstances under which that charge was made?—The companies charged for special wires at the rate of 500 *l.* under 100 miles; 600 *l.* up to 200 miles, to Scotland 750 *l.*, and to Ireland 1,000 *l.*

3616. The principle upon which all other postal charges in the telegraph charges were made was the adoption of a general minimum charge, was it not?—Yes.

3617. The Post Office adopted the 500 *l.*, which was the minimum charge?—Yes, but which was never paid, because no newspaper ever took a wire at 500 *l.*

3618. But that was according to the tariff?—Yes, but no newspaper was taking it; I should say, in addition to that, that special wires under the company were only worked from seven in the evening till three in the morning, whereas now they work from six in the evening till six in the morning.

3619. How many wires are worked during that time?—All of them; not continuously, but for portions of the time.

3620. What additional expense does that involve?—It involves the expense of half the time for the extra clerks, a clerk's service being eight hours, whereas we have to provide for 12 hours' duty.

3621. That is the entire difference between the present arrangement and the former one, is it not?—No, the wires were formerly worked from the telegraph offices in London to Edinburgh and Glasgow; they are now worked from and to the newspaper offices.

3622. Is it not the fact that that has increased your revenue?—Yes, but by a very small amount; by the amount received from the private wires.

3623. And if you consider accommodation to the clerks of any importance, that accommodation is provided for you?—The accommodation being provided in our offices, and the instruments not being used there, the accommodation is not made use of, while on the other hand, it saves the cost to the newspaper offices, and the time of going backward and forward to the head telegraph offices.

3624. You spoke of making a difference between messages delivered by wire and messages delivered by hand; how would you work that out in the case of London?—Each message sent out from the central office would be charged at the 2 *d.* rate, and those messages sent on by another wire for delivery would be charged the full 1 *s.* rate.

3625. How would you discriminate between messages addressed to a dozen London newspapers; would you send them to the nearest telegraph office?—Yes, as a rule; they would, as a rule, all be within the delivery of the head office.

3626. So in that case you would have half-a-dozen London newspapers in the Central District pay 2 *d.* per 100 words, and another in the West Central District paying 1 *s.* for the same message?—That would not happen, because the newspaper offices all lie in the same delivery.

3627. Without exception?—The newspapers which would take a large amount of news would lie in the same delivery.

Dr. *Cameron*—continued.

3628. But local newspapers?—The local newspapers do not take the news at all.

3629. Such would be the effect, according to your proposal, supposing the newspaper offices to be in the least scattered?—That might be, but it might be considered right to charge them only the one rate.

Mr. *Leveson Gower.*

3630. Am I right in understanding that in your opinion you were not bound by the Act of Parliament to make these concessions to the Press Association?—No.

3631. But at the same time there was nothing in the Act which might preclude you from doing so?—Under the terms of the Act we may make concessions.

3632. I suppose the objections which you have pointed out to those concessions have arisen from practical experience?—Yes, the objections have arisen from practical experience.

Chairman.

3633. The honourable Member for Glasgow asked you whether the Postmaster General when he recommended in his report that the non-paying offices should not be discontinued, did not lay down the principle that you should not diminish the facilities given to the press; now, is it not the case that the Postmaster General recommended that in regard to non-paying offices, they should not be discontinued, because he found that they were so rapidly paying?—That is the case.

3634. And that between 1872 and 1874 the non-paying offices decreased to the extent of one-half?—That is so.

3635. Is it the case that you find that the use by the press of the telegraph system is beginning to pay you better?—Except as regards the special messages, the loss continues.

3636. Is there any indication that that loss is disappearing?—I am afraid there is none.

Dr. *Cameron.*

3637. Is it not the fact that the Post Office is at present adding a non-paying branch to the telegraph system of the country by the acquisition of the Orkney and Shetland telegraph system?—The Post Office has not yet acquired that system.

3638. The negotiations, as I understand, are all but completed?—They are.

Chairman.

3639. Now I wish to complete your evidence upon the two points contained in the Postmaster General's Report; I think the Postmaster General had a strong objection to the recommendation of the Treasury, that there should be a uniform rate of a penny per word?—Yes.

3640. Because he considered, did he not, that that would largely increase the expense to the public?—That is so.

3641. It has been suggested to this Committee in evidence that you might have a 6 *d.* rate for 12 words including addresses; have you considered that matter?—I have considered it.

3642. What is your opinion with reference to that?—My opinion is that it would simply mean raising the rate to the public.

3643. How many words are there upon the average in the addresses of telegrams?—Twelve.

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Mr. Patey.

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Chairman—continued.

3644. Of which four are from the sender and eight are to the person sent?—Yes.

3645. How many words are in the text of a message?—Seventeen on the average.

3646. Making 29 words in the whole telegram?—Yes.

3647. Besides the office words which are sent also?—Yes.

3648. Which amount to how many more?—From four to five.

3649. That is under the improved system, is it not?—Yes.

3650. What do you consider is the average cost of a telegram to the department?—From 8 *d.* to 9 *d.*

3651. Then what is your objection to the proposed 6 *d.* rate for 12 words?—That we should have a loss upon every telegram for which 6 *d.* was paid.

3652. For such few words it would not cost 9 *d.*, would it?—It would not cost that, but it would not cost much less. The additional words do not cost us a very large amount of money.

3653. Would not local telegrams be considerably cheaper than distant telegrams?—They certainly would be.

3654. If that system were applied as a local rate, do not you think it might pay?—I hardly think it would.

3655. Is it not the case that the addresses just now are sometimes carried to an extreme length?—No doubt they are, but on the average the number of words is not more than 12, and therefore, as the old companies allowed ten, you can hardly say that the privilege has been abused.

3656. I hold in my hand a telegram, in which the address amounts to 38 words; do not you think that if you included the addresses in the total number of words to be allowed for the shilling, the public would soon learn to economise both the addresses and the text?—Yes.

3657. Supposing, for instance, 24 words were sent for 1 *s.*, that would be five words less, would it not, than it generally is at present, namely, 29?—Yes.

3658. Do you think that the public would not soon learn to economise both the text and the addresses, so as to have equal facilities with 24 words for 1 *s.*, as they have at present?—I think they would, but I am afraid they would try to minimise more in the address than in the text, therefore the cost to us would be greater.

3659. You mean that the cases of imperfect addresses would increase your trouble in delivery?—Yes.

3660. But still allowing that it only makes a difference of three words in the address, and two in the text?—You cannot make an address in many cases under nine words.

3661. You are aware that foreign telegrams do not transmit the address of the sender unless it is required, but only the address of the receiver?—Yes.

3662. Do not you think that a similar plan might be adopted in this country?—It might be.

3663. A uniform rate of 1 *s.* for 24 words would give, would it not, equal facility to the public if such a plan were adopted?—It might; we have at present under consideration the rule that all counter clerks should ask the senders of messages to cut down their addresses where they are not necessary.

Chairman—continued.

3664. But is it not the case that the local telegrams in London sent at a charge of 1 *s.* are increasing so fast that there seems to be scarcely a demand for a reduction to 6 *d.*?—That is so.

3665. The number of messages of that kind amounts to 20,000 a week, does it not?—Yes; the number has increased from 5,000 a week in 1870 to 20,000 now.

3666. Supposing you reduced the charge for local telegrams in London to 6 *s.*, how many more would it require to make it pay?—At least 40,000.

3667. Would it pay at double the number?—No, I mean 40,000 in addition to the present 20,000.

3668. Have you office accommodation at present either in the country or in the London offices to meet an additional 20,000 messages a week?—Not in the central office, but in the district offices we have.

3669. Do domestic messages form a large part of the number of messages which are sent in the country?—Only a small portion.

3670. With regard to local telegrams in such places as Manchester and Liverpool, would you expect a large increase in them?—From inquiries which we have made there are very few such telegrams at present, and very few are expected.

3671. Formerly the telegraph companies charged for the addresses, did they not?—They did at one time.

3672. They then used to send 10 words free, did they not?—Yes, 10 words in the address free.

3673. Do you know why the telegraph companies abandoned the charge for addresses?—Partly owing to competition by other companies, and partly owing to the difficulty of delivering the telegrams from imperfect addresses.

3674. Would not the reduction of short telegrams to 6 *d.*, cause all telegrams like racing messages to be sent separately?—It might.

3675. Do you see any reason why those stock messages and domestic messages should be transmitted at the lowest rate?—No, I do not.

3676. You think the reason is the other way?—I do.

3677. The Postmaster General speaks about the abuse of free messages upon the railways?—He does.

3678. Are there many abuses?—A great number.

3679. What is the law with regard to the necessity of sending free messages by railways?—The Post Office is compelled to send messages free on behalf of certain railway companies, under Sub-head G. of the 6th clause of the 9th section of the Act of 1868, under which it has to transmit messages free to and from any foreign station.

3680. What is the meaning of the term, foreign station?—It is difficult to define. Under the old companies it had the meaning of a station in a town apart from a railway station.

3681. The object, I presume, of that provision in the Act was that messages should be sent for railway purposes only?—Yes.

3682. Will you state to the Committee the growth of messages from 1871 to last year?—During a week in September 1870 we sent on behalf of the railway companies 1,494 messages; in 1871, in the corresponding week, 2,583 messages; in 1872, 3,554; in 1873, 4,445; in 1874, 5,109; and in 1875, 4,872 messages.

3683. Why

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Chairman—continued.

3683. Why was the number less in 1875?—Because we had previously raised a large number of objections, having looked into the nature of the messages, and because we had stopped the transmission of a large number.

3684. One of the messages which you objected to as being sent for railway purposes was from a director asking for a box of pills to be sent to him?—Yes.

3685. How did he defend that message?—He stated that he was ill at the time he sent the message, that he had to attend a meeting of his company in three or four days' time, and that it was necessary the pills should reach him by that night's post in order that he might be enabled to attend.

3686. You find that this is a franking privilege, and that franking privileges upon almost all occasions are liable to be abused?—That is so.

3687. The Postmaster General has recommended that this privilege should be bought from the railway companies?—Yes.

3688. Upon fair terms?—Yes.

3689. Of course a statutory power would be required for that purpose, would it not?—It would be required.

3690. Have the railway companies speaking wires of their own which they fully use?—Under Section 2 of the 9th clause of the Act of 1868, the Post Office had to hand over to the railway companies the wires which they used wholly, and also the wires of which they had the partial use, but which belonged to the telegraph companies, in order that the railway companies might have a complete system of telegraphs for carrying on their own business on their own system.

3691. The railway companies could put on more if they desired to do so?—Yes, certainly.

3692. Supposing that the free passes were taken away along the wires, might it not interfere with the train service of the railways?—No, because they would be able to put up extra wires upon their railway by the money which they received from us.

3693. Is it not the case, for instance, that messages are sent by railways for the regulation of hotels and steamers, which you consider as not being fairly within the intention of the Act?—Yes, they do so send them, and inasmuch as the Post Office derives no benefit from their connection with hotels and steamers, we conceive that that was never intended by the Act.

3694. Perhaps you can tell me what is the justification for the Postmaster General's recommendation that 3 *d.* a message should be charged for every message taken upon a railway?—The justification is that we have to pay out of each message a considerable amount; in no case less than 3 *d.*; and in many cases 6 *d.* to the railway company for dealing with the message. The railway stations are open for the convenience of the public in places where it would not pay the department to have an office of its own, therefore, by the opening of a railway station as a telegraph station, the public gets a great convenience, and saves a considerable amount of cost.

3695. As I understand, you say that if it were not for the convenience of the travelling public it might not have been to your interest to open railway stations at all?—It is not only the travelling public that is concerned; the travelling public do not really send any large amount of the telegrams which are handed in at the railway stations; the greater portion of the telegrams handed in at railway stations are from residents in the neighbourhood of those stations, and those stations have been opened for the convenience of those residents, although it would not pay us to open a telegraph station of our own.

Chairman—continued.

3696. Have you any estimate of how many railway messages are to residents and how many are to travellers?——

3697. How many railway stations have been shut up?—About 100.

3698. Were they shut up as being non-paying?—No, chiefly because they were not required for the convenience of the public, and as upon each message handed in at a railway station the department made a considerable loss, it was considered better to close them.

Mr. *Goldsmid.*

3699. How do you prove the loss?—It is no gain; in many cases we pay 6 *d.* to the railway company.

3700. But if you pay the railway company something for it you could only charge less for that message to yourself, because you do less with it, and you are charging upon the same rate as for an ordinary message?—But the railway company does not deliver the message; it only takes it, perhaps, a mile, and hands it over to us to take, perhaps, 200 miles.

Chairman.

3701. Is it not the case, also, that the telegraph is worked by the railway clerks?—Yes, it is.

3702. Does that cause the difference in the cost, because you pay 3 *d.* to the railway company for giving you the services of the clerks in working the telegraph?—Yes.

3703. That expense is saved you in working in another direction?—But 3 *d.* is considerably more than it would cost us to do the work which the railway company had done.

Mr. *Goldsmid.*

3704. By establishing no office, you economise all the office expenses you would otherwise incur?—Yes; but if we pay the railway company 6 *d.* for a message, we have only got 6 *d.* to cover the cost of from 8 *d.* to 9 *d.* to us.

Colonel *Alexander.*

3705. With regard to the establishment of telegraph offices in particular places, I have seen a telegraph office established in a little village with a very small population, while to much more important places in the same neighbourhood no such accommodation is given; on what principle are telegraph offices granted or refused?—Upon the principle of their paying or not paying.

3706. But then I may mention that in the place to which I refer, it is the talk of the whole neighbourhood that the telegraph office should be established in this little place, with a population of perhaps not more than 500 people, and no trade, whereas in the same neighbourhood there is a place of much more importance containing upwards of 2,000 people, with a considerable cotton trade; can you at all explain the circumstances?—I do not think I could answer that question without knowing the names of the places.

3707. I allude to two places in Ayrshire, Tarbolton and Catrine; the former is a very small

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Mr. *Patey.*

19 May 1876.

Colonel *Alexander*—continued.

small place with a very inconsiderable population, and no trade, whereas, in the latter, there is a population of more than 2,000, and a considerable cotton trade; in the former there is a telegraph station, whereas in the latter it has been refused; how do you account for the circumstance that the application of Catrine for a telegraph office has been persistently refused?—I think it must have been refused because we did not think that a telegraph station would pay at Catrine.

3708. Then why should you suppose that a telegraph office would be likely to pay in Tarbolton?—I do not remember when that office was opened; I think it was opened a few years ago, when we did not look so carefully into telegraph offices not paying.

Mr. *Cubitt.*

3709. What number of telegrams fail in delivery on account of imperfection in the addresses?—I cannot tell you that, because when a telegram cannot be delivered, we endeavour to get a better address.

3710. Then you take considerable trouble for the convenience of the public in endeavouring to deliver the telegram?—Yes.

3711. That cost you think would be very much increased, if the addresses were charged in the number of words?—Yes, I think it would.

Dr. *Cameron.*

3712. You have stated that the average cost of telegrams is from 8 *d.* to 9 *d.*; upon what ground do you base your calculations?—Upon the act of handling the message at the various offices through which it passes. In the return which I handed to the Committee, I think you will find that the cost varies from 1 *d.* to 1¾ *d.* for transmission; every telegram is transmitted at least once. There is, therefore, first, the payment for the message when handed in, then for its receipt at the transmitting office, then for its being forwarded from the transmitting office, then for its receipt at the delivery office, and next for the delivery, to which must be added the cost of stationery, and a proportionate cost of the charge for the way leave and maintenance of the wires and instruments over which it passes, rent of offices, and so on.

3713. How much do you calculate for the cost of rent, stationery, and maintenance of instruments?—I arrive at it in this way: that for the message will be paid 1 *d.* at the office where it is handed in; 1¼ *d.* for receipt at the transmitting office; 1¼ *d.* for its being forwarded from that office; 1¼ *d.* for its receipt at the delivery office; 1 *d.* for delivery, and ¼ *d.* for the stationery forms that are used, and the remainder for proportion of rent, &c., of offices, way leave, and maintenance of wires and instruments.

3714. You must be taking a very large and extreme case; the cost in London is less than 1¼ *d.* per operation?—Yes.

3715. In Glasgow and Birmingham it is 1¼ *d.* too?—Yes.

3716. The cost of transmission, I believe, as was stated by another witness, is less than the cost of forwarding and reception?—No, I do not think it can be.

3717. It was stated by the last witness that it was; possibly you do not recollect that Mr. Baines gave evidence upon the same subject, and

Dr. *Cameron*—continued.

that he stated the cost at a very much lower figure; what do you make out the cost of handling?—I make out the cost 5¼ *d.*

3718. Mr. Baines makes the cost out from 4 *d.* to 5 *d.*?—I think he said it was 5 *d.*, and that you might take off something in some cases.

3719. You are now 4 *d.* or 5 *d.* above Mr. Baines's cost, because he makes out the cost of handling to be 4 *d.* or 5 *d.*, and you make it out to be 8 *d.* or 9 *d.* How do you make up your difference between the cost of handling and the total cost?—There is nothing given for stationery.

3720. You put down a halfpenny for stationery?—Yes. Then I think Mr. Baines did not include the delivery; there is 1 *d.* for delivery.

3721. But that is a very large sum if you look at the Estimates?—You will find in all the small offices that we always pay 1 *d.*, and in some cases 2 *d.*

3722. But in many cases it is ½ *d.* and ¾ *d.*, is it not?—In some cases.

3723. And in a number of others it is a weekly wage?—Yes.

3724. You put down 1 *d.*, do you not?—Yes.

3725. That makes 1¼ *d.*?—Yes.

3726. Then you have 4 *d.* or 5 *d.* to account for?—Mr. Baines starts with 5 *d.*; then take 1 *d.* for delivery, and ¼ *d.* more, you arrive at 6¼ *d.* altogether.

3727. Take 6¼ *d.*; you have to go up to 9 *d.*?—Eightpence or 9 *d.*, I said.

3728. We have still 2¾ *d.* to account for?—Out of the 1¾ *d.* or 2¾ *d.* there is the cost of wayleave and maintenance and the cost of supervision, which is not included from the head office; the cost of account keeping, the uniforms, and so on, and various incidental expenses.

3729. You have included rent in that estimate, have you not?—Yes.

3730. Taking all the expenses, as the Post Office is conducted at a loss, the cost of messages at the present moment must be above 1 *s.*, must it not?—No; because a great many of the expenses are not incidental to the messages. The business is not conducted at a loss; it is conducted at a profit; but the profit is not sufficient to pay interest upon capital.

3731. At what profit is the Telegraph Department conducted?—The net revenue for the year ending 31st December 1875, was 164,000 *l.*

3732. If you include rent, way-leaves, and maintenance in striking the cost of this message at 8 *d.* or 9 *d.*, do you include interest upon capital?—I am excluding interest.

3733. Upon what principle do you exclude it; I say that rent and interest upon capital fall within the same category; if you include one, why should you exclude the other?—You might include it.

3734. Therefore, if in including all legitimate charges it follows that the Post Office is conducted at a loss, each message must cost above a shilling?—Yes, on that basis.

3735. So that your estimate of 8 *d.* or 9 *d.* is not exhaustive and not correct; it is at least 3 *d.* short of the mark?—But that cost is involved by other things, not on account of ordinary messages, but press messages which, we confess, are conducted at a loss.

3736. What is the loss upon press messages?—Twenty thousand pounds.

3737. What is the loss upon railway messages?—We

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Dr. *Cameron*—continued.

—We estimate that we should receive from 4,000 *l.* to 5,000 *l.* a year.

3738. And what are the other losses?—We expended 33,000 *l.* last year in extensions, and 31,000 *l.* in pensions.

3739. The Postmaster General in his return excludes a number of charges which he says are at present made against revenue, but improperly?—Yes.

3740. And he reduces the loss, exclusive of those, to 55,000 *l.* a year?—Yes, spread over the whole period.

3741. Of that loss you account for 20,000 *l.* by press messages, and 5,000 *l.* by railway messages?—Yes.

3742. That gives you 25,000 *l.*?—Yes.

3743. Leaving still a loss of 30,000 *l.* to be accounted for?—Yes.

3744. If excluding press and railway messages, you find that the cost of dealing with all the public messages handed in to you, including everything, equals 1 *s.* per message which you receive, and the 30,000 *l.* into the bargain, is it not evident that the net cost of handling each message so far from being 8 *d.* or 9 *d.*, is over 1 *s.*?—In that way it is so.

3745. And therefore your estimate, pretending to be exhaustive, is not so by at least something over 3 *d.*?—That I must leave the Committee to say.

3746. Now let us revert to another matter: supposing the cost to be what you assert, if, as has been stated in evidence, the same wires costing the same amount for way leaves, and the same amount for maintenance, and the same staff of clerks, with the same buildings, would be capable of doing a much larger amount of work, would not that very increase of work reduce the average per message?—Yes, it would do so.

3747. You stated that all the London newspapers were within the same telegraph delivery?—Yes; those taking telegraph messages.

3748. You know the "Globe Office" and the "Morning Post"?—Yes.

3749. In what delivery are they?—The central office.

3750. From Charing Cross?—Yes.

3751. In what office are the "Telegraph," "Times," and "Daily News"?—The Central Office.

3752. Charing Cross is not the Central Office?—Only the delivery is done from Charing Cross.

3753. But the work in the one case is done at St. Martin's-le-Grand, and in the other at Charing Cross?—Yes.

3754. Therefore you would have the newspapers divided by that boundary?—Yes; but the work done at Charing Cross is small. We do the whole of the work at the Central Office.

3755. The cost to the "Times" and "Daily News," they being in the E.C. district, would be 4 *d.* per 100 words, whereas, if transmitted according to the boundary to the "Morning Post," the cost would be 1 *s.*?—Yes; but messages are not transmitted by wire. I said that the question would be considered separately.

Mr. *Leveson Gower.*

3756. Are all Government messages sent free?—The Post Office is not paid for them.

3757. Do you find the same result occur with regard to them as occurs with regard to the railway messages, that there are a great deal more

Mr. *Leveson Gower*—continued.

messages, and more words than you think is necessary?—That is the result, we believe.

3758. Do the Government messages constitute any great number?——

3759. Supposing each department were to pay the Post Office for their messages, would not that contribute to a diminution of your loss?—Yes, and increase our revenue by about 25,000 *l.* a year.

Mr. *Goldsmid.*

3760. Now with regard to the railway messages, you gave the Committee the figures of the increase from 1870; can you tell us whether the figures have increased beyond the proportion of the increase in the traffic?—I do not know what the increase of the traffic is; this increase is about fourfold.

3761. You have not compared this with the increase of the traffic upon the railways?—I have not.

3762. That would be the best test whether it was a proper increase or not, would it not?—I think not, as a great many of those messages are not necessitated by the increase of traffic.

3763. Do you not think it might add to the danger of travelling if you were to compel the railways to pay for all their messages, thereby inducing the officers of railway companies to economise in sending messages, which might be of importance in the regulation of the traffic?—The messages which are sent over our wires seldom relate to the working of trains; they relate to the business of the company at some future day.

3764. It occurred to me that if the telegrams related to the working of trains, that might induce unwise economy in sending necessary messages?—The messages do not relate to that; they have their own wires for those purposes.

3765. Where a telegraph office is at the station of a railway company, is it not because there is no other postal office within a reasonable distance?—That is not so in a great number of cases.

3766. Is it not so in a very large number; for instance, I will take a very well-known case, the Ascot station; is it not the fact, that the Ascot station is the only station for some distance?—It is; but we are about to open a telegraph office there.

3767. It is the fact, therefore, that a great many of the railway telegraph offices have been kept up, because they have been the only accessible stations for a large number of residents?—Yes.

3768. Can you see any reason for charging residents near such a station more for their telegrams than you charge the rest of the public; is it their fault that you have not got another office?—Yes, it is their fault, because they do not do a sufficient business.

3769. Therefore you are proposing to charge them more because they do not live in a sufficiently populous neighbourhood?—Or because they do not do sufficient business.

3770. And you think that that is not pressing onerously or unduly upon any portion of the public?—But in the other point of view if a person living in the country wishes to have a telegraph office opened, he bases the application upon the ground that he has to pay from 5 *s.* to 6 *s.*

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Mr. *Patey.*

19 May 1876.

Mr. *Goldsmid*—continued.

for the delivery of a message, and upon the opening of the railway station he saves 5 *s.* or 6 *s.*, which is of course a great advantage to him.

3771. I am talking about closing these offices; your proposal was to close them; you have closed 100 upon the ground that they did not pay, have you not?—There was no inconvenience to the public in closing them.

3772. But in closing an office such as that I have described, at the Ascot Railway Station, you would be causing an inconvenience to a large portion of the public and to all the neighbourhood?—Yes.

3773. And, therefore, reducing even the facilities which existed when you took over the business; is not that so?—No; because we have opened a large number of other offices.

3774. But you are reducing the facility in that particular district, because the opening of a new office in the Hebrides does no good to a resident at Ascot?—No, it does not in that sense; but still it is an additional facility.

3775. Then would you not by adopting this extra charge be onerously pressing upon any portion of the community?—I do not know that the extra charge of 3 *d.* would be an onerous pressure.

3776. In that case was there any advantage in reducing the charge to a shilling over the country?—Yes, because in some cases the charge was 4 *s.*

3777. Was not it something like five per cent. of the total number of messages which were over 1 *s.*?—I think it was more than that.

3778. That is all the defence you can offer in favour of that proposal?—I was not prepared to answer questions upon that point.

Mr. *Cubitt.*

3779. Are there not cases of small towns which have two railway stations belonging to them?—Yes.

3780. There is a telegraph station at each of the railway stations in addition to the telegraph at the post office?—I think there is in some cases.

3781. In some of those cases, perhaps, one of those stations might be closed without inconvenience to the public?—Yes.

Mr. *Goldsmid.*

3782. When the Government took over the business of the companies, was any different charge made for night messages by the companies?—I think the companies did charge something extra for night messages, but I am not sure about that.

3783. Supposing they did not, do you consider that it is either within the words of the preamble of the Act or not, unduly pressing upon any portion of the community, if you compel those who require to send messages after eight o'clock to pay extra for their messages?—I think it may be consistent with the preamble; at all events, I do not think it presses onerously or unduly upon the community.

3784. You think it is a fair thing to make people pay more than they did under the old companies, although the object of the purchase by the Government was to increase the facilities to the public?—But under the old companies very few offices were open at night.

3785. How many have you open at night?—

Mr. *Goldsmid*—continued.

432 post offices and 200 railway station offices are open after 8 p.m.

3786. In your opinion, it is not an undue pressure?—I do not think it an undue pressure.

3787. Will you tell me what class of messages are principally sent after eight o'clock at night?—A large number are social messages.

3788. Principally what I might call family messages?—I think a large proportion of them are.

3789. Which are more or less a matter of necessity?—Yes.

3790. And their being a matter of necessity, you wish to take advantage of that, and charge extra?—Yes; because there is an extra charge to us for doing the work.

3791. You wish therefore unduly to press upon that portion of the community?—That is a matter of argument rather than of evidence.

3792. Again, will you tell me what the great majority of the messages consist of which are sent on Sundays; are they not generally matters of urgency?—A good many of them are; but a good many are for the purpose of making appointments, and so on.

3793. But are not a great many of them what I should call family messages, and messages of urgency?—I dare say a good many of them may be.

3794. But you do not think that it would be unduly pressing upon them to make this extra charge which you propose?—No.

3795. Will you read the preamble of your Act to the Committee?—"Whereas the means of communication by electric telegraph within the United Kingdom of Great Britain and Ireland are insufficient, and many important districts are without any such means of communication, and whereas it would be attended with great advantage to the State, as well as to merchants and traders, and to the public generally, if a cheaper, more widely extended, and more expeditious system of telegraphy were established in the United Kingdom of Great Britain and Ireland, and to that end it is expedient that Her Majesty's Postmaster General be empowered to work telegraphs in connection with the administration of the Post Office;" and so on.

3796. Therefore you consider that in order to give merchant traders and the public generally a cheaper telegraphy, for that reason it is desirable to increase the charges to the public on Sundays and after eight o'clock at night?—That proposal has been made because the telegraphs have not paid, and this is one way in which we think the public would not be unduly pressed.

3797. And you think that that would be consistent with the preamble of the Act?—I think it would not be altogether inconsistent.

3798. And you can tell the Committee what the net result of the gain would be for which you propose to imperil the principle of the Act under which the telegraphs were purchased?—But, on the other hand, it shows that it would not be a great pressure on the public.

Mr. *Cavendish Bentinck.*

3799. Is it not the fact now that in many places on Sundays and at night an extra charge is made?—Yes, that is so.

3800. For instance, if I wish to go to any office which is in direct communication with the office in London, if I go after the hours at which the office is officially closed, and get the clerk to send

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Mr. *Cavendish Bentinck*—continued.

send that message, he is entitled to charge an extra fee, is he not?—Yes.

Mr. *Goldsmid.*

3801. Under what provision is that allowed?—Under the regulations of the department.

3802. Is that privilege given to the members of the Government, or is it accorded to the public?—It is well known to the public.

3803. How is it made known to the public?—I think the public have known it without announcement.

Chairman.

3804. Is it not stated in the Directory?—I think it is, but I am not quite certain.

Dr. *Cameron.*

3805. I find if I send a message on Sunday from Victoria they charge 6*d.* extra, but if I send a message from the Buckingham Palace Station there is no such charge; what is the reason of the difference?—The reason is because the one office is not officially open and the clerk is not bound to take messages during that time.

3806. What is the clerk there for?—The clerk is there for railway work.

3807. Is the same distinction made after a certain hour at night?—Yes; after the closing hour, whatever the closing hour may be, every office in the kingdom may take in messages on the payment of the regular fees.

3808. But there must be some arrangement with reference to the time at which each office shuts?—The general time at which each office shuts is 8 p.m.

3809. You have a book, have you not, stating at what hour the different offices close?—Yes.

3810. It is necessary that some distinct understanding should be arrived at in order to enable the clerks at the other end to attend the instrument?—But they can tell from the book at what time the office closes, and what time it opens.

3811. If you had an office at Canterbury, say, which closes at 8 o'clock, if the clerk is there and a person comes and asks him to take a message, he can do it up to 10 or 11, or any other hour he likes, can he not?—Yes, if the message is for transmission to an office where there is somebody present to receive it.

3812. If it is to London, for example?—Yes, it can then be received.

3813. But if there were a relay upon the road, what would he do then?—He would refuse to take the message, and tell the public that the office which had to take the message was closed.

3814. Then it is within the discretion of a postmaster to take a message, or not, as he likes?—It is.

Mr. *Goldsmid.*

3815. As I understand you, with regard to any office, although it is stated in your table that that office is closed, I, as a member of the public, upon the payment of the extra fee, may go and make a demand upon the clerk to send the message?—No; you may ask him to send it, and he may say he will not.

3816. But I will put this case: if I am living at Tunbridge and wish to send a message to Canterbury, where the office closes at 8 o'clock, what would arise?—The clerk would decline to take your message.

Mr. *Goldsmid*—continued.

Mr. *Patey.*

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3817. Then what benefit is your privilege?—It is a benefit if you want to send from Tunbridge to London; the London Telegraph Office is open all night; and if you could get at the clerk to call him up, he could take your message at any time in the night.

3818. Do the Post Office authorities hold that there is a right to call up a clerk for that purpose?—They do not admit that the public have such a right; but they allow the clerk to take a message, as it is often a convenience to the public, and the clerk is paid for his extra trouble.

3819. That is allowed by the Post Office authorities?—Yes, for the convenience of the public; we think that in the case of illness it would be a convenience to be able to communicate with towns where the telegraph offices are open.

3820. Therefore it is an advantage only if you wish to telegraph to a station which is open all night?—Yes.

3821. It is no advantage under other circumstances?—It could not be made use of.

3822. How are the public to know this?—It is a thing that is well known; there are many telegrams sent nightly under those circumstances.

3823. From where?—From all stations; it is generally well known.

3824. If I have taken particular pains to ascertain how the telegraph business is carried on, and have failed to ascertain that fact, does it not imply that that arrangement is not well known?—No, it rather implies that your inquiries did not go far enough.

3825. Do you put a notice in the offices to that effect?—I am under the impression that a notice is in the telegraph offices.

3826. Do you not give notice to the public of your arrangements through notices in the telegraph offices?—We do as a rule.

Chairman.

3827. Is the Post Office not one of the revenue departments of the State?—It is.

3828. Have you not experienced great pressure because the telegraph does not contribute to the revenues of the State?—We have, very great pressure.

3829. Have any of the proposals that you have made arisen otherwise than from a desire to cover the loss upon particular kinds of messages which is at present experienced?—That is the exact ground of the proposals which have been made.

3830. Is the Post Office not under the Treasury?—Yes, it is.

3831. Does not that department continually press you to consider not only the facilities to the public, but the avoidance of a loss, and the production of a revenue to the State?—That has been so.

3832. Then when you have those two duties to perform, you would not consider that your proposal of adding the 3*d.* or 6*d.* which you may consider necessary, was a very extraordinary proposal?—I do not think so.

Mr. *Cubitt.*

3833. Do not you think it is possible that the words you have read from the preamble are more than satisfied by what has been done?—I think they are more than satisfied.

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Tuesday, 23rd May 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. William Beckett Denison.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Mr. Meldon.
Mr. Ripley.
Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. JOHN EDWARD TAYLOR, called in; and Examined.

Mr. *Taylor.*

23 May 1876.

Chairman.

3834. YOU are Proprietor of the "Manchester Guardian," are you not?—I am.

3835. Would you describe to the Committee what was the system of obtaining news for the provincial papers previously to the transference of the telegraphs to the Post Office?—It was a system of subscription; the amount paid varied considerably under different circumstances, generally, I believe, depending upon the distance. There was considerable uncertainty in regard to the quantity of news sent, there being no special stipulation in regard to what it should be, but the news consisted usually of Parliamentary Reports, foreign telegrams, general news, and a certain amount of London commercial intelligence.

3836. Were there not three companies which divided the kingdom between them?—Yes, there were; but they co-operated in regard to news supply.

3837. The Electric Telegraph Company supplied to the south and north, the Magnetic Telegraph Company to Ireland, and the United Kingdom Telegraph Company to Scotland; was not that so?—I think that probably it was so, but I am not able to speak with certainty upon the point.

3838. Do you happen to remember what was the number of words sent under the name of a first-class supply?—I remember that calculations were made under which it was estimated that the average supply was about 4,000 words a day.

3839. Was that the average supply, or the maximum supply?—That was the average maximum supply.

3840. I am asking from your own evidence given in 1868. What was the cost of a newspaper for a first-class supply?—It was about 200*l.*

3841. That was exclusive of sporting news, was it not?—Yes, I think it was exclusive of sporting news.

3842. Was sporting news, if taken, 150*l.* in addition?—I think so; but I could not speak positively.

3843. Do you recollect what you stated in 1868 was the cost of transmission and the cost of the collection of news, because the old telegraph companies collected news as well as transmitted it, did they not?—We estimated that the collection amounted to nearly one-half the whole amount received for the subscriptions.

Chairman—continued.

3844. Accurately the statement was that the cost of collection amounted to 73*l.*, and the cost of transmission to 127*l.*?—I do not think I am able to speak so exactly as that.

3845. I think I get it from your own figures?—I should like to say that those calculations were a little vague; and looking back into the papers which I have upon this subject, in order to make my evidence as correct as possible, I find that subsequently the figures appear to have varied. Whether that depends upon their having referred to a different period or not I am unable to say, but at a later period we seem to have calculated that 37½ per cent. was the cost of collecting news, and 62½ per cent. was the cost for transmission. How that calculation was arrived at I am really unable to say at present.

3846. In addition to the first-class supply, which, if sporting news were taken, would amount to about 400*l.* per annum, as I understand, there were a certain number of papers which transmitted news through their own reporters?—Certainly.

3847. Do you recollect what the price of transmission was for such news?—I do not recollect what it was at last, but I think that it amounted to a double quantity for the public rate, but I should like to say that the cost had been considerably less. For a considerable period, the "Manchester Guardian" transmitted from London Parliamentary debates, specially reported for it at 1*l.* 1*s.* a column, which is about the present rate.

3848. Do you recollect that the old rate of the telegraph companies was from 1*s.* to 4*s.*, according to distance, for 30 words by day and 40 words by night?—Yes.

3849. With a discount of 25 per cent. for papers in the same town?—I am unable to speak to that.

3850. I think, in your evidence, you say that you got about 7,000 words a day, of which about 4,000

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Chairman—continued.

4,000 were from the telegraph companies, and 3,000 paid by yourself at the rate of 1 *s.* for 40 words?—I think that is not so. I was asked, "Do you not sometimes get as many as 7,000 words a day? *A.* That might be, but on the other hand we might sometimes not get 1,000;" but that refers to the subscription. No portion of that would be under the special rate.

3851. Did you not get 3,000 *l.* at the special rate, in addition to what you got from the subscription?—That would depend upon circumstances. We might on occasions get a great deal more than that, but it would all depend upon circumstances. There was no sort of average which could be struck.

3852. Is it not the case that since the transfer of the telegraph companies to the Post Office there has been a great development of the new system with regard to press work?—A great development undoubtedly.

3853. You do not know to what extent that development has taken place?—I am not able to speak to that.

3854. In 1868, when the transfer was introduced, was not there a committee of newspaper proprietors appointed to look to their interests in regard to the transfer?—There was.

3855. Did you then make calculations of the charge by the old companies for the transmission of news with regard to any clauses to be introduced into the Act?—Yes, we did.

3856. As the old companies both collected the news and transmitted it, you considered that the terms given you by the Government, represented, on the whole, nearly half what the telegraph companies charged for transmission as well as for news?—Yes, those terms were arrived at after very careful negotiations with the Post Office authorities; negotiations which lasted over a considerable time, and on both sides I believe we endeavoured to arrive as exactly as possible at the cost of transmission as borne by the old companies.

3857. Had you any communications with the Post Office officials upon this subject?—I had had several communications with them.

3858. Both by letters and orally?—Both by letters and orally.

3859. What was the general principle of the tariff agreed upon between you and the Post Office?—The general principle was to maintain as nearly as possible the *status quo*, taking into account the changed conditions under which telegraphic communications were to be sent; namely, that for the future we, or those who represented us, were to be our own collectors of news, the Post Office being transmitters only, and the principle constantly asserted by us, and distinctly recognised by the Post Office, was that we should not be losers by a change which was intended to benefit the public. If the Committee wish I can point out distinct evidence of the recognition of that principle upon the part of the Post Office.

3860. Will you shortly do that?—The first I find in a letter to the Chairman of the Provincial Newspaper Society, dated General Post Office, 20th February 1868, in which these words occur: "It is the intention of this department to make arrangements for the transmission of intelligence for the press, which if not identical with those at present in force, shall be at least as satisfactory to the proprietors of newspapers." Then again

Chairman—continued.

I find at an interview which I, and some of those who were associated with me at the time, had with the Secretary of the Post Office, at the Post Office, on the 24th April 1868 that we represented to the Secretary that the Bill as then introduced did not provide for charging to the press lower terms than those which were charged to the public. We had taken legal advice upon the subject, and we were assured that such was the case, and the Secretary was taken by surprise, and acknowledged readily that the matter ought to be settled beyond dispute; and we then undertook to have a clause drawn, providing for the arrangement which had been come to between ourselves and the Post Office authorities. The clause so drawn was not inserted verbally in the Act, but it was the basis of the clause under which the existing system is worked. At that interview we asked the Post Office if they would be disposed to give us anything like a written pledge that the understanding come to between us should be carried out, and I asked Mr. Scudamore if he would be willing to advise the postmaster to write us a letter upon this subject. Mr. Scudamore said that there would be some inconvenience in exchanging letters upon the subject, but he suggested that I should write to him, and that, in some way, he would endeavour to meet our wishes. Accordingly upon the 28th April, I wrote him a rather long letter.

3861. Will you give the Committee the substance of the letter?—It referred to the interview and to his having assented to our views; and it then went on to set out, as nearly as we could state them, the then existing arrangements under the company's *régime*, and asked him to recommend the Postmaster General that in any case those prices should not be exceeded when the telegraphs passed under his control. That was upon the 28th of April, as I have stated. On the 15th May I received this reply: "Dear Sir,—With reference to your letter of the 28th ultimo, respecting the rates for the transmission of telegraphic intelligence for the press, I now forward to you enclosed a copy of the reply which I have prepared to the pamphlet entitled 'The Government and the Telegraphs,' at pages 17 and 18 in which reply you will find a statement of the course which, in my opinion, the Post Office should take with regard to the press." I have the extract in question. This extract to which Mr. Scudamore referred me, after again repeating pretty much what I had stated in my letter, contained these words: "As a matter of course it would not," that is, the Post Office, "undertake to collect news any more than it would undertake to write letters for the public, but the news being collected, it could, and I submit ought, to transmit it at rates at least as low as those now charged, and which, though they are unquestionably low, are still believed to yield the companies a considerable profit." Further on, these words occur: "It seems to me, indeed, that the transmission of news to the press throughout the kingdom should be regarded as a matter of national importance, and that the charge for such transmission should include no greater margin of profit than would suffice to make the service fairly self-supporting."

3862. Then you consider it clear, from your negotiations with the Post Office, that although they originally looked at it as self-supporting, they did not look to the transmission of news as

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Mr. *Taylor*.

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Chairman—continued.

a source of large revenue?—That is distinctly my opinion.

3863. I presume that the Post Office transmission of news has been better than the transmission of news under the old companies?—I should say, in general, that we are now better satisfied with it, chiefly because it permits us greater liberty.

3864. If you will turn to Question 1329 in your evidence given in 1868, one of your reasons for supporting the transference was, that the telegraph companies did not always give you valuable news?—That is so.

3865. Has there not been some considerable advantage gained under the new Post Office system by the application of a uniform and cheaper rate for special wires to the different newspapers?—Yes.

3866. Did not the old rate of the Post Office vary from 500 *l.* to 1,000 *l.* according to distance for special wires?—I think that is so, the 1,000 *l.* being, I believe, charged to Ireland only.

3867. To Manchester and Liverpool, I think, the charge was 600 *l.*?—Yes, it was.

3868. And to Glasgow and Edinburgh, 750 *l.*?—I believe so.

3869. Now the uniform charge is 500 *l.*?—It is so.

3870. And under that system have not a considerable number of additional newspapers taken special wires?—A great number.

3871. It has been stated to this Committee in evidence that the Post Office has now 19 wires supplied to newspapers, whereas formerly the telegraph companies had only seven wires so supplied?— I believe the number is 19. I do not know what it was under the old management.

3872. The Post Office now works with newspaper offices, instead of as the telegraph companies did, with the telegraph offices?—That is so.

3873. And are not the hours in which special wires are used longer than under the old system?—I believe that is so.

3874. In your negotiations with the Post Office did you consider also the question of special messages sent to one paper, and general news sent to many papers?—Yes, our object was to frame a tariff which should provide as well for the special messages as for the duplicate messages.

3875. Do you think you succeeded?—I think we succeeded satisfactorily.

3876. Have you any reason to suppose that the Post Office may be wrong in saying that the rates now charged are not self-supporting, and that they derive a considerable loss, which Mr. Patey estimated at 20,000 *l.*, from the transmission of news?—Of course I am unable to say what their loss may be, but I can well conceive that the loss is needlessly large.

3877. Why do you think so?—Because I am disposed to think that economies might be introduced which would enable the service to be more cheaply conducted.

3878. In what manner do you think economies might be introduced?—I should think that the delivery, for instance, might be more economically managed. I have understood that the Post Office complain greatly of the cost of delivery. I am very much disposed to think that that is an item which might be greatly cut down.

3879. In respect of the amount charged for

Chairman—continued.

delivery, or that the newspapers should send for their messages?—I should think, in most cases, there would be no difficulty in newspapers sending for their messages. Certainly, in my own case, there would be no difficulty whatever.

3880. What is your opinion with reference to the proposal to add a fresh initial charge of 1 *s.* for every 100 words to a new town?—My opinion is, that it would work very unequally and very unjustly.

3881. Unequally as regards the newspapers themselves, and unjustly as regards your agreement with the Post Office; is that what you mean?—I think that the effect of that would be, that it would fall with the greatest weight precisely upon those shoulders which were the least able to bear it.

3882. That is to say, upon the poorer newspapers?—Yes, upon the poorer newspapers.

Mr. *John Holms*.

3883. I think the object which the Press had was, to obtain from the Post Office a tariff which would be something like the sum that had been charged to them under the old companies?—That was exactly the object.

3884. Upon your experience, as a whole, would you say that that has been the result?—The result is, that we pay rather more, as far as our calculations can go; I have heard it estimated that we pay from 12 to 13 per cent. more.

3885. Are you speaking of your own newspaper, or generally?—I have not gone into the calculation myself, but others have done it carefully.

3886. But is it in relation to your own newspaper or newspapers generally that you speak?—With regard to newspapers generally.

3887. You have suggested that certain economies might be made; the one economy which you have hinted at was that the newspapers should send for their own messages. Are there any other economies which you would suggest?—I should think that news might be transmitted in such a manner as to afford less break to the ordinary service of the telegraphs than is now the case.

3888. Is there any other economy which you would suggest?—I am not prepared to suggest any other.

Mr. *Watney*.

3889. I think I understood you to state that the newspapers had greater opportunities of getting news now, since the Government have taken the telegraphs, than they had under the old companies?—The newspapers are able to adapt the news which they obtain more exactly to their own needs. Naturally the need of one particular newspaper is very different from that of other newspapers in other towns, and therefore they are much better able to supply themselves with exactly what they want.

3890. Do you think that that arises from the Government having taken the telegraphs over, or from the system which was a new one when it originally started having been perfected, which would have happened in either case?—It arises from this, that the duty of collection is severed from the duty of transmitting. That was a change which many of us, I in particular, constantly urged for years upon the old telegraph companies, but I could never succeed in inducing them to give up their old system.

3891. Then

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Mr. *Watney*—continued.

3891. Then I gather that you think you get greater facilities now that the Government have taken the telegraphs than you would have obtained from the old companies?—I am not able to speak to that; if the telegraph companies had once done as I think they should have done, that is to say, confined themselves to their legitimate work of transmitting telegraphic matter, I think it quite possible that we should then have had as great facilities as we have now under the Government.

Mr. *John Holms.*

3892. Under the old system were you allowed to send messages as short as you liked, and as many as you liked, or was there any fixed number of words which was considered to constitute a message?—I am afraid you are taxing my memory too far. I am not aware that there was any restriction.

3893. The object of my question is to make this point clear. The Committee have had it in evidence here that whilst the charge is 1 *s.* for 100 words at night, and 75 words by day, a newspaper may send any fragment of 10 words if they like, or 20 words if they like, until they make up the number. Was there any rule laid down by the companies in relation to the number of words?—Under the old system a short message would have counted as a whole one.

3894. They counted by the number of messages, and not by the number of words?—By the number of messages.

Colonel *Alexander.*

3895. You told the Right honourable Chairman that the telegraph companies supplied you sometimes with news of very little value; was not the news sometimes of so little value that you declined to insert it?—A great deal of the news would go into the basket undoubtedly.

3896. There were, on the other hand, instances, were there not, when the companies refused to forward news of great importance?—I think there were instances.

3897. Was not it mentioned by one proprietor, I think of an Irish newspaper, before the Committee which sat in 1868, that upon one occasion he had had great difficulty in getting the name of the winner of the "Liverpool Cup"?—I believe that such evidence was given by Mr. Finlay, the proprietor of the "Belfast Northern Whig."

3898. I think the same witness stated that where one reader would care about news from Bulgaria, 10,000 would care about learning the name of the winner of the "Liverpool Cup"?—Yes.

3899. So that it was no doubt much better that the Press should become the collectors of their own news?—It is far better.

Dr. *Cameron.*

Mr. *Taylor.*

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3900. There can be no doubt whatever in your mind, I suppose, that the basis of the present system of charges was the charge made by the old telegraph companies?—That was the basis undoubtedly.

3901. And the Press, in their negotiations through you, sought no favour or no remission of the existing charges?—None whatever.

3902. They were anxious simply to secure that no increase should be made upon the existing charges?—Quite so. I may say that so far was that the case that we were told by some newspaper proprietors that the effect of the new tariff would be to enhance the cost of telegrams, therefore we agreed to that tariff with the belief that it would cause an increase of cost to us.

3903. It is the fact, is it not, that as it is much cheaper to transmit an identical message to a great many addresses than it would be to transmit different messages to the same number of addresses?—Undoubtedly.

3904. You know the manner or method by which those messages are so transmitted to a great number of addresses?—Yes, by a circuit.

3905. A message is punched upon a slip of paper, and may then be passed through 50 machines without any further operation?—Precisely.

3906. That would naturally lead to great economy, would it not?—That would lead to great economy.

3907. Do you remember Mr. Scudamore mentioning that he intended to use this system in connection with the Press before the Committee in 1868?—I remember that, and I remember his also telling us individually that he intended to use this system in connection with the Press.

3908. And, therefore, that very great economy must have been introduced in that respect since the Post Office took over the Telegraphs?—One would suppose so.

3909. But even independently of that, was it not the case, the facilities of repeating the same message were what enabled the old companies to supply the news at such a reduced charge?—I presume so.

3910. The introduction of this automatic instrument should greatly increase the facilities of repeating identical messages, and should tend to render the process less costly?—That is so.

3911. Have you looked to see whether there is an undue loss upon press messages?—No, I have not looked into that question. I know what Mr. Patey said.

3912. But supposing there were a loss upon press messages, it is evident, is it not, that there must be some loss upon public messages?—Apparently so.

3913. Therefore there is nothing anomalous in the loss existing in one case which exists in the other?—Quite so.

Mr. JOHN LOVELL, called in; and Examined.

Chairman.

Mr. *Lovell.*

3914. YOU are Manager of the Press Association, are you not?—I am.

3915. When were you appointed Manager of the Press Association?—In August 1869. About six months prior to the transfer of the telegraphs to the State.

Chairman—continued.

3916. Are you well acquainted with the business relations between the Post Office and the Press Association?—I am and have been, both personally and intimately, from that time down to the present.

3917. You are aware that there are proposals made

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Mr. *Lovell.*

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Chairman—continued.

made to alter the rates for transmitting news?—I am; in two directions.

3918. One of the proposals being to put an end to the existing system of counting and averaging messages?—Precisely.

3919. The other proposal being with regard to the uniform 2 *d.* copy rate throughout the kingdom?—That is so.

3920. Has your association considered whether the first proposal with reference to counting and averaging may be put an end to by the Post Office, without interfering with the Act of Parliament?—We have.

3921. What has been the advice you obtain from your lawyers?—We did not obtain any advice from our lawyers, the point having been conceded by the Post Office officials themselves in 1870.—We raised the point, and it was conceded without any necessity for consulting our lawyer.

3922. But you are aware now that the Post Office contend that they can put an end to the plan without a new Act of Parliament?—That is so.

3923. I suppose that, practically, it is a matter of little importance, because if they carry the second proposal by an Act, they may introduce arrangements for that plan into it?—Precisely.

3924. What would be the financial result to you, as regards your expenditure, if the plan of counting and averaging were abandoned?—It would raise our transmission charges by 33⅓ per cent.

3925. What would be the cost to the business which you now carry on if the second proposal of abandoning the uniform 2 *d.* rate were brought into operation?—That would raise the sum we now pay for transmission by 192 per cent.; that is to say, it would treble it.

3926. In other words, it would make together 298 per cent. increase, according to your statement, if they were both adopted?—Both together would amount to 298 per cent. increase, which would quadruple the sum we pay at present.

3927. Were you present when Mr. Patey gave his evidence before this Committee?—I have read part of his evidence.

3928. Are you aware that he stated that he had received 35,000 *l.* from News Associations, and that as that was apparently the only losing part of the transmission of press news, and the loss was 20,000 *l.*, that would give a loss of 57 per cent. arising from the transmission of news?—Yes.

3929. Then, to cover this 57 per cent. loss, you think an additional charge of 298 per cent. will be considerably too great?—I do; I understand the total loss on press work to be 30,000 *l.*, in round figures.

3930. I am assuming that you adopt Mr. Patey's figures of 30,000 *l.* on 35,000 *l.* receipt, and 20,000 *l.* loss?—I understand the Postmaster General asks for 30,000 *l.* upon the press work generally.

3931. The Postmaster General considered that if 30,000 *l.* were obtained that might suffice?—Then I have made this calculation. The Press Association alone paid to the Post Office, for the year ending 31st March last, 19,840 *l.* 11 *s.* 7 *d.* Since the Postmaster General only asks for an increase of 30,000 *l.* on the whole revenue derived from the press, and since the increase he would derive under these new arrangements from the Press Association alone would be 59,521 *l.* 14 *s.* 9 *d.*, it is obvious at the outset that the increase asked for at the hands of the Association is, at all events, excessive.

Chairman—continued.

3932. Do you consider that some increase on this head would be justifiable?—We do not.

3933. Why not?—Of course we have not access to the figures upon which the Post Office bases its estimate of the cost of press work in contradistinction to the cost of public work; but there are at hand two means of comparison, by which we seem to be led to the irresistible conclusion either that those calculations are founded on a wrong basis, or that the work is carried on at unnecessary expense.

3934. Will you give the Committee one of those comparisons?—The first is the comparison of what we pay now with what was paid by the newspaper proprietors to the old companies for the same kind of work.

3935. How much was the charge for 1,000 words?—It was 2 *s.* 7 *d.* and a fraction. That I gather from what was understood at the time from statements made by individual newspaper proprietors, who had made calculations of their own. Mr. Spark, of Leeds, put it at 2 *s.* 6 *d.* per 1,000. Mr. Taylor's evidence, on page 92 of the special report, at Question 1246, puts it (as you will see, by calculation) at 2 *s.* 8¾ *d.* I tested those calculations myself in drafting the tariff of the Press Association, by going through and counting an enormous mass of news furnished to different newspapers and exchanges by the old companies.

3936. And you came to the conclusion that it was about 2 *s.* 7 *d.*?—It was about 2 *s.* 7 *d.* per 1,000 words.

3937. Did you also test this by analysing the accounts of an average Post Office?—I recently had an average Post Office account analysed.

3938. What account was that?—The ordinary Post Office account, ending 11th March this year, which gives the whole charge for transmission for a week. I had that analysed to its minutest details, and I find that the Post Office charges for transmission alone are at the rate of 2 *s.* 10 *d.* per 1,000 words. I should say that the 2 *s.* 7 *d.* charged by the old companies included the cost of collection as well as that of transmission.

3939. Whereas now you state that the cost of transmission alone is 2 *s.* 10 *d.*?—Yes. I cannot tell you what proportion of the 2 *s.* 7 *d.* charged by the old companies went in cost of collection in the case of the actual copy which came under my notice; it appears, however, from documentary evidence of the period, to have been generally understood that the cost of collection under the companies was about half that of transmission.

3940. Can you test the question further by comparing the cost of transmission by the Post Office generally with the cost of transmission by special wires?—I have endeavoured to do that; that is the second point of comparison. The Post Office now undertakes to let a special wire, together with the services of a clerk at each end, for 500 *l.* a year. The use of this wire is given during 12 hours at night. It is rarely in full operation, however, during more than eight or nine hours. It is worked on 313 nights in the year, and on a very low estimate (I have purposely made the estimate low), 3½ columns of news are passed through it each night; this gives a total

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Chairman—continued.

a total of 1,095½ columns per annum. We take a "Times" column of minion as the usual basis of newspaper calculation; it contains 2,300 words; so that thus far the Post Office transmits to special wire newspapers at the rate of 3*s.* 6½*d.* per thousand; and as no suggestion is made to raise the rent of special wires, it is to be presumed that that rate pays (I believe Mr. Patey in his evidence stated so), although the wire and clerks yielding the result are unemployed during a third or a fourth of the period for which the wire is let. Allow for this idleness of the clerks and wire; allow further for the fact that the greater part of our news goes through, by the aid of the Wheatstone instrument, far more rapidly than it does through the Morse instruments supplied to the special wire newspapers, and we find the Post Office doing the work for special wire papers at something under the price they are doing it for us.

3941. Then the conclusion you draw from that is that if the special wires make a profit, the transmission of news ought to make a profit?—Yes, it ought to make a profit.

3942. And that if the transmission of news does not make a profit there is something wrong in the organisation?—Yes, or in the estimate upon which the idea that there is no profit is based. I have heard that so much of surveyors' salaries, and so much cost of wires, is allocated to the press and so much to the public; and there might easily be a mistake made in the proportion chargeable to the press and the proportion chargeable to the public.

3943. But in the estimate you have given me, there is no charge for delivery?—No, there is no charge for delivery, but on the other hand there is no duplication of messages sent through the special wires. The special wire sends its copy straight on, and nothing is duplicated at the other end (that is to say no duplicates are saleable at the other end); but in a case where we send half a column of news to Manchester, although there is only one transmission, the message may be delivered to five or six different exchanges or newspapers. The cost of delivering that message to those exchanges and newspapers is surely very heavily overbalanced by the saving effected by there being only one transmission instead of five transmissions.

3944. You mean that they may write by a manifolding arrangement several copies at once and send those copies with only one transmission?—Yes.

3945. And that you say is a balance for the extra cost of delivery?—Precisely.

3946. Would you admit that if it is clearly proved that the cost to the Post Office is greater than the receipts, some new arrangements might be made to make it self-supporting at all events?—The Press Association which I represent is not an association working for profit; it is an association, on the co-operative principle, of newspaper proprietors collecting their own news; they are debarred by their articles of association from declaring a dividend; all they want is a fair article at a fair price. If it can be shown them that the news service does not pay the Post Office, and if it is held that the Post Office ought to make a profit by its telegraph work, they are ready to consent to some alteration of the terms which will enable the Post Office to derive a profit from the press service as from other services.

Chairman—continued.

3947. But I presume you are of opinion that some better plan could be devised for the purpose, than the proposal of the Postmaster General?—Quite so; we agree to neither of the two proposals laid down.

3948. What are the objections you have to an alteration of the universal rate for re-transmission?—That rate was devised to promote combination amongst newspaper proprietors, and so save the department an immense amount of unnecessary labour. Once abolish it, and there would be no incentive to newspaper proprietors to get their news from a common source. There are some, even now, who prefer to pay the full rate to printing the same report as their competitors. If the rates were equalised by the Post Office instead of being equalised by the re-transmission rate, there would no longer be any purpose to serve by combination. The consequence would be, that each paper would obtain its own report, and that on important occasions, such as a Budget night, for instance, a large number of special reports would be going through to single or double addresses; whereas, under the existing system the Press Association sends one special report to between 30 and 40 addresses.

3949. Is it not the case that even now there is considerable pressure upon the wires, and that if there were a variation in the matter sent by the Post Office, that might increase that pressure very inconveniently?—Quite so; we have the greatest difficulty in getting news through on important occasions, when it is most of all important to get the news through; and under any system such as this proposed, I predict, from my experience, that there will be a breakdown on every important occasion.

3950. Might not the effect of the proposal of the Postmaster General to charge one shilling for each separate town be to produce a combination of news in those towns, but a deferential system in other towns?—Possibly; I think that would be the result.

3951. But that combination could not aid the Post Office very much, could it; because it might be changed in different places?—Quite so.

3952. Do you coincide with the previous witness, who tells us that if the uniform system is abandoned the heaviest cost will fall upon the newspapers least able to bear it?—Precisely. That would be the effect upon them.

3953. Take the case of Manchester and Plymouth, and show the Committee how it would act?—Taking the case of Manchester, we have three daily papers, and two evening papers, and two or three exchanges, and there the news would be transmitted at a very small rate to each, say 3*d.* or 4*d.* for 75 words as at present. Taking Plymouth, where there are only two papers, the cost would be 7*d.* each per 75 words. Taking the case of a town with only one daily newspaper—taking a daily paper in a town like Darlington, or a town like York—the cost would be 1*s.* The effect, in point of fact, would be that the smaller rates would fall upon the wealthier communities, who are better able to pay the larger rate, while the larger rates would fall upon the smaller communities who would be unable to pay them.

3954. With regard to the news associations, would the change produce much difficulty to you in

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Mr. *Lovell.*

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Chairman—continued.

in making a new tariff for the news supply?—I confess, that with some experience in the making of tariffs, I should be puzzled beyond measure how to go about devising one of this kind under these proposals. In the first place we should require a separate tariff for every town, suited to the number and class of the newspapers there; because no two towns, even if they had the same number of exchanges and newspapers, would take the same kind or quantity of news. Then again, when you had a tariff for every town, you would want a tariff for every newspaper; because hardly any two newspapers take the same kind of news. If you take a town like Manchester, you reverse the principle which is laid down in the Act of levying a heavier day rate than a night rate; because suppose a piece of Reuter's news arrives in the daytime, it goes to two evening papers and the exchanges, as well as to three morning papers; therefore, being six or seven in number, they would get the news at a much cheaper rate than the three morning papers would get the news at the night rate.

3955. Does not the change of a morning paper to an evening paper cause some complexity?—It would affect the question; it would be quite impossible, as I think, to devise under such a system a permanent tariff. We could not offer our news at a series of given prices.

3956. Now I want your opinion upon the proposal to alter the system of counting and averaging?—That system, like the others, was adopted to bring the telegraph charges for news as nearly as possible down to those of the old companies. The Act provides clearly enough for the universality of the re-transmission rate which was intended by encouraging combination to secure as far as possible identity of matter, and so keep down the cost of news to its former level; but when it was found that this proposal did not effect the end intended without the system of counting and averaging, a series of conferences took place between the heads of the department and myself, and in the end the system now in existence was adopted by the Postmaster General on the one hand and the committee of the Press Association on the other. That system has now been in existence for six years. All the materials we possess for revisions and re-adjustments of our tariff are based upon it. It is no doubt open to the charge that it is a profitable system, and that we may like it therefor; but as distinct from its being profitable, we have found it to be a highly convenient, and what we think to be a very just arrangement. By it, and by no other system that I know of, we are enabled to charge all subscribers a uniform sum of so much per word for each kind of news, no matter how much or how little each subscriber takes.

3957. But though profitable and convenient for the association, can you not conceive that sending fragments of messages, sometimes very short and sometimes very long, may be very inconvenient for transmission by the Post Office?—Quite so; and I think there might be adjustments made. We might arrange, for instance, certain hours subject to fluctuations on very important occasions, at which we should send in batches of news. For instance, at race meetings there is no reason why we should not send, say, three results together; the first two are generally unimportant; when the third came, we could send the three together. This would save the Post Office a great deal of trouble.

Chairman—continued.

3958. Are you aware, with regard to the system of sending punched messages through the instrument, that the economy of the plan depends upon the constancy of the supply?—Yes.

3959. And that if the messages are sent in in a very fragmentary condition this economy is defeated?—Yes; but I would confine this remark to a very small portion of our news; the markets, for instance, must be sent at a special time, or they would be useless.

3960. With regard to your market and sporting news, do you think that the system of averaging those messages is a fair one to the Post Office?—It seems like carrying a principle to its extreme limits, but it is a principle, and inasmuch as it is a principle it is of little use unless we carry it out. Inasmuch, again, as the abolition of the system of averaging would only yield an increase of 6 per cent. upon the sum paid by us for transmission, we say there seems to be no reason why the plan with which we have all become so familiar should be abolished, when there are much simpler and more efficacious methods of raising the charge, if that be necessary. Besides, we must always have some arrangement which cannot find a place in an Act of Parliament; there must be regulations with reference to the detail of the business which could not be put into the clauses of an Act; and, that being so, one fancies this should be as good as any other arrangement.

3961. I understand you to suggest that there are better plans which could be devised for giving the Post Office more money, if it is clearly established that there is a loss in the transmission of news?—Simpler plans, I should say, rather than better plans.

3962. What plan would you suggest?—Nothing would be easier, I should think, than raising the re-transmission rate itself.

3963. That is to say, the copy rate?—Yes; that would be one plan of raising money, leaving everything else undisturbed.

3964. Whatever plan is adopted, I suppose you would wish that plan to be adopted once for all?—Yes; because we are now in a very difficult position. If arrangements like these are to be suddenly put an end to after they have been in operation for years, we shall never feel safe. If the department could put its own interpretation upon the Act as it exists at present, it undoubtedly could, upon the 1st of April this year, have put into force new regulations which would have raised our cost of transmission by 33⅓ per cent., and that in the face of the fact that we had made contracts upon the old basis lasting to the 31st of December next, and the further fact that the department knew this was so. I say we ought not to be left in a position of that kind.

3965. That change would have been serious to you, would it not?—The change would have been disastrous to us financially because we do not work for a profit.

3966. Any sudden changes in a business like yours are very much like beginning a business over again?—Exactly; it took us six months to make our tariff, and it cost us a great deal of money in working out all its minute details, and we think that when that is done once it should be done as nearly as possible for ever.

3967. Then, if I understand you, admitting that the system should be self-supporting, and admitting

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Chairman—continued.

admitting that a loss is clearly ascertained, any changes which might be made you would prefer to be made upon the old basis rather than upon a totally new basis such as has been proposed, namely, charging 1 *s.* for each separate town?—Precisely.

Mr. *Ripley.*

3968. Until recently the Press Association has been in the habit of sending messages not merely to the press but to exchange and news-rooms in every large town, has it not?—Yes.

3969. And to hotels?—Yes.

3970. Has there been any recent change in connection with your mode of supplying the hotels with messages in consequence of some intimation you received from the Post Office?—The Post Office gave notice that we were no longer to supply hotels, whereby we lost a revenue of about 4,500*l.* per annum.

3971. Has that tended to give the public increased facilities and convenience with regard to many people who are in the habit of frequenting those hotels or otherwise?—I imagine it would be the other way.

3972. Has that increased or diminished the actual revenue to the Post Office?—It has reduced it by about 2,500*l.*

3973. Has it reduced, to a similar extent, the revenue to the Press Association?—It has reduced the revenue to the Press Association by about 4,500*l.*, as I have just stated.

3974. Then if, in point of fact, the result has been that the Post Office stand at this moment, in consequence of that proceeding, at a loss of 2,500*l.* in round numbers, and you at a loss of 4,500*l.*, if you are to have the profit which you had previously, you must, in some way or other, raise your rates, is not that so?—We have already raised them. I may explain that that alteration arose out of one of those interpretations of the Act which we say ought not to be dependent upon the caprice of the department. Clause 16 of the Telegraphs Act says that the Postmaster General may make contracts with newspaper proprietors and proprietors of news-rooms, exchanges, and clubs. It was held by Lord Hartington and Mr. Scudamore that we might bring in the hotels under the name of news-rooms, but that interpretation has been reversed by the present Postmaster General, and the consequence is the loss I have stated.

Dr. *Cameron.*

3975. The Press Association is purely a co-operative association, is it not?—It is a purely co-operative association.

3976. And any profit it makes in one year is devoted the next year to the reduction of the rates?—That is so.

3977. Therefore any advantage it derives from cheap telegraphy is given to the public at once, and in the most direct manner?—That is so.

3978. Do you admit that the Post Office suffers any undue loss by the transmission of press telegrams?—I do not.

3979. Are you aware that the number of words transmitted to the press per annum is 220,000,000?—I have heard that that is so.

3980. We have had it given in evidence that the number of ordinary messages is about 20,000,000?—That is so.

3981. Would you please calculate the number

Dr *Cameron*—continued.

of words in those 20,000,000 messages; it would be about 400,000,000 words for the public, would it not?—That would be about it.

3982. Mr. Patey has told the Committee that the loss upon press messages was about 20,000*l.* a year?—Yes.

3983. There are 220,000,000 words, as you have said?—Yes.

3984. You have read the Postmaster General's report, I presume?—I have.

3985. Do you know what he gives as the net loss of conducting the Post Office Telegraphs?—£. 55,000.

3986. That would give 35,000*l.* a year as the loss upon the 400,000,000 of words transmitted for the public?—Yes.

3987. So that the proportion of loss incurred upon the press work is very much what it should be, considering that incurred upon the general work?—Precisely; at all events it bears a nearly equal proportion to the loss upon the public messages.

3988. We were told the other day by one of the witnesses that the cost of keeping the accounts of the Press Association, and the various news associations, to the Post Office was about 3,000*l.* a year; do you admit that?—I have no means of contradicting it. I had heard it was 2,000*l.* previously, but I cannot speak to that.

3989. Have you ever thought of any means of accounting on your own behalf?—We have to account now to check the Post Office accounts.

3990. Do you consider any part of the Post Office system unnecessary?—I think many modifications might be made in the system, especially if it costs anything like 3,000*l.* I remember upon one occasion, in Mr. Scudamore's time, he was complaining of the cost of the accounts, and he then proposed that we should pay for one clerk 130*l.* a year, to meet our share of the cost. That proposal was not acceded to.

3991. You, I suppose, would supply any services which are at present taken by hotels?—Yes.

3992. When the system of allowing messages to hotels to be charged at duplicate rates was abandoned, did you find that they substituted messages at the full rates for the former duplicate messages?—Oh, dear, no.

3993. Therefore, the effect to the Post Office was to lose the revenue which they used to receive?—I should say entirely so; the rate was prohibitive.

3994. You were in an excellent position to know?—Yes, I was in correspondence with all the subscribers. We offered them a smaller supply at a higher charge, under the public rate, but we could not get more than five or six out of the whole of our subscribers to take it.

3995. Would they require to come through you, or some other press agency, to get the press telegrams sent?—They would for any general service, for under the old system, on all great occasions, they had their own private messages in addition to our supplies.

3996. But for any general service they must come through you?—Yes.

3997. Do you say that the result of doing away with these facilities to hotels and public-houses was to decrease the Post Office revenue?—Yes.

3998. And can you see that it could effect any saving?—We were told by the Post Office that

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Mr. *Lovell.*

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Dr. *Cameron*—continued.

they lost on that business, and that by getting rid of it they saved a loss.

3999. Did they, acting upon that principle, give facilities for getting rid of extra news work. If, for instance, you wished to take a special wire between London and Manchester, and to send all your Manchester news along it and manifold it, and send it to different newspapers, thereby doing away with any loss they might incur, would they allow you to do so?—They could not prevent us at present.

4000. They could prevent you from taking a special wire, could they not?—I beg pardon; yes, they could prevent us at once. I thought you were speaking of the public wires.

4001. That is to say, they would prevent your relieving them of the business which they say does not pay?—They could do so.

4002. You complain very much, do you not, of having been treated in an arbitrary manner by the Post Office?—Yes, we have been subjected to a series of encroachments upon the agreements and understandings which were come to in 1870 and have been very much harassed from time to time as not knowing what infringement might come next; in fact, if the Committee would wish it, I will put in a brief narrative to that effect, contained in our last annual report, showing our relations with the Post Office from the date of the transfer down to the present time.

4003. Will you hand that in?—I will. (*The same was handed in.*)

4004. I am desired to ask you whether this loss of 2,000 *l.*, that was incurred through the dropping of the hotel and public-house messages, was not a dead loss to the Post Office?—It must have been.

4005. The only saving they would have effected would have been the cost of stationery and delivery?—Yes, that would have been all, I think.

4006. The cost of delivery need not be at all great in connection with these news messages?—I cannot speak to that.

4007. You know as a fact, I presume, that they deliver upon what are called circuits?—I think that is not so. They have, in the case of racing messages for instance, to effect as nearly as possible simultaneous delivery, the result of that being that they have to send out the boy who goes to the long distance before they send out the boys who go the shorter distances. The reason for that is, if they did not do so, our subscribers would charge them with unfairness.

4008. Then it is in the interest of betting, not in the interest of news, that they incur this charge for the delivery of sporting telegrams?—It is in the interest of serving their customers as their customers wish to be served.

4009. But it necessitates an exceptional charge which is not necessary in the case of other news at all?—That is so.

4010. You complain of their threatening to make a change recently in the manner of counting without giving you any notice in time to enable you to alter your tariff?—That is so.

4011. Did you not receive notice with regard to the change in hotel and public-house services at a time when it was impossible for you to revise your charges?—Upon one occasion we did, but not upon this occasion. We received notice this time that at the end of the year the alteration would be made. On the former occasion we wrote to them and pointed out the difficulty there would be, and they withdrew the notice.

Dr. *Cameron*—continued.

4012. Notwithstanding your having pointed out the difficulty to them, they this year upon the 1st of April proposed to make a change which would have seriously affected you, and then it would have been impossible for you to have revised the tariff?—Yes, it would have been impossible then to have revised the tariff.

4013. You should have been obliged to submit to a heavy loss?—Yes, but I ought to say that before the notice of change became due we had pointed out to them the unfairness of this, and informal conversations took place in which it was half understood that some concessions should be made on either side to carry us on to the end of the year. Still there was the danger of our being subjected to a heavy loss.

4014. Originally it was not proposed that any concession should be made upon the part of the Post Office, I believe?—No; what I stated in my evidence was that they could have done this within the limits of the Act if their interpretation of the Act was right

4015. And they actually threatened to do this, did they not?—Yes, they actually threatened to do it.

4016. The proposed change is a matter of almost life and death to the Press Association, is it not?—It would be if brought into operation now.

4017. But at any time?—At any time it would be a very serious proposal to increase the news-tariff by quadrupling it, because newspapers are paying now a great deal more than they paid under the old companies for their news.

4018. I see you have here a table showing the increase which the different proposed changes would bring about?—Yes.

4019. You mentioned, in reply to the Right honourable Chairman, that if the present system of averaging and counting were abolished, that would involve an increase in your payments of 33⅓ per cent.; now was not the calculation with reference to the news supply to the newspapers by the old telegraph companies, upon which the present rate was based, made on the principle of continuous counting?—I presume so. I was not there when it was made.

4020. But you have read the evidence?—I have.

4021. You see it is stated in the evidence that the newspapers received so many words a day, and that the cost was so much, and that half of that cost was due to collection, and the other half to transmission; knowing these facts, was not that calculation made upon the continuous counting system?—Precisely.

4022. And therefore, whether expressed or not in a clause in the Act, do you think, judging from that fact, that continuous counting was indicated?—Our contention is, that that Act, as it reads now, clearly provides for continuous counting. We say that, inasmuch as Clause 15 provides for a public rate of 1 *s.* for 20 words or under, and inasmuch as Clause 16, providing for the press rate, leaves out the words "or under," and says the newspapers shall be charged "at the rate of," the Post Office had no right to charge us 1 *s.* for 10 words, or 2 *s.* for 76 or 101 words, but that it must give us 100 or 75 words as the case may be for 1 *s.* as nearly as possible.

4023. But should you submit without a struggle to

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Dr. *Cameron*—continued.

to the carrying out of the Post Office interpretation of that clause?—It was understood that if the worst came to the worst, and the Post Office determined upon carrying out its interpretation of the Act, then they would charge us for a message; we should refuse to pay for it; they would summon us, and we would get a case for the Court of Queen's Bench, and rely upon the decision there given upon Clause 16.

4024. But I suppose with reference to the raising of the initial message charge, it is not pretended on the part of the Post Office that they could make the change without another Act of Parliament?—No, they do not pretend that.

4025. Therefore, I suppose, that that is a matter which has never given you much uneasiness?—No, we felt that we should be dealt with there by Parliament itself.

Mr. *Lovell.*

23 May 1876.

Mr. WILLIAM SAUNDERS, called in; and Examined.

Chairman.

4026. YOU are the proprietor of the Central News Association, are you not?—I am.

4027. Have you been engaged long in supplying news to newspapers?—For about 14 years.

4028. Did you join with any of the other gentlemen in taking part in the conferences between the Post Office and the newspaper proprietors?—I did.

4029. Do you coincide with the evidence which has been given with regard to the negotiations upon that subject?—Entirely.

4030. Do you agree with what has been stated by the last two witnesses that the effect of the new Press rates proposed by the Postmaster General will be to increase by fourfold the present charges upon the Association's engagements for transmitting news?—I find that it will be as nearly as possible fourfold. I have calculated it for a week in April last, and I find that during the week we paid for telegrams sent out 187 *l.* 0 *s.* 2 *d.*, whereas the cost under the proposed new rates would be 711 *l.* 4 *s.* 4 *d.*

4031. That is to say for the work performed in that week?—Yes, for telegrams sent out.

4032. Would the same rate of cost apply to the transmission of Parliamentary news as well as the transmission of general news?—The increased rate upon the transmission of Parliamentary reports would be about 360 per cent.

4033. And what would be the increase upon transmitting the news of the London markets?—The increased cost would be 600 per cent.

4034. Do you coincide in the opinion of the last witnesses that the increase would be greater for the small towns with one or two newspapers, than it would be for the large towns with many newspapers?—The increase to the small towns would be 500 per cent.

4035. That is fivefold instead of fourfold?—Yes; what now costs 200 *l.* a year, would then cost 1,000 *l.* a year. To large towns the increase would be less, because the number of subscribers is greater.

4036. Now, if it is not asking you too much about your own accounts, as representing the Central News, under the new regulation how much more per annum would your association have to pay the Post Office?—We should have to pay 26,000 *l.* a year more than we do now.

4037. So that your association alone would cover what the Post Office considers its present deficit?—It would more than cover it.

4038. And you are not such a large association, I think, as the Press Association?—I believe not, in point of amount of payment.

4039. Have you considered the question which was alluded to by another witness of the cost of the transmission of news through a special wire?—I have had several special wires in my own office, and I have from time to time watched the amount of work done by the clerks.

Chairman—continued.

4040. How many words do you find can be transmitted between say 6 p.m. and 3 a.m.?—Nine thousand words would be a fair average; much more than that has frequently been done.

4041. And what would be the cost of the clerks?—I understand that the cost of the clerks is about 6 *s.* 6 *d.* a night for each; one clerk at each end.

4042. What would that make the cost, so far as labour is concerned, of transmitting 1,000 words?—One shilling and sixpence.

4043. Besides all the other charges to the Post Office connected with the wires, such as the capital expenditure?—Yes, the wires and the instruments.

4044. Would you explain to the Committee what is meant by the service system with which you send news to different places?—Under the service system we hand into the Post Office several lists of addresses. When we have news for either of those lists of addresses, which are all numbered, we simply hand in the number. For instance, under the No. 7 service we have 324 subscribers. Instead of handing in the 324 addresses, we say No. 7. The local postmasters having been previously advised of the addresses under No. 7, when they receive that number, deliver the matter to the persons under that list. The Post Office have therefore simply to transmit "C. N., No. 7," instead of 324 addresses, which they would have under ordinary circumstances to send with 324 messages.

4045. And of course under such a system the work is done with greater economy to the Post Office?—The work is done with incomparably greater economy.

4046. We have heard a good deal about the method in which messages of different lengths are counted in order to arrive at the 75 words in the day, or the 100 during the night. Do you consider it very important that the system of continuous counting should be maintained?—I think it is essential for the convenience of sending news. To have to count every message as we hand it in, and to bring it to the limit of 75 words, or 100 words, would involve very serious delay and inconvenience.

4047. Has not the system of continuous counting led to the plan of dividing messages into numerous fragments; for instance, race messages, so that a number of messages are sent gratuitously?—A number of messages are sent gratuitously,

Mr. *Saunders.*

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Mr. *Saunders.*

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Chairman—continued.

gratuitously, but I do not think that has any connection with the continuous counting.

4048. Will you explain how the division of messages arises?—The division of messages arises in this way. When we send a number of messages throughout the day, say the results of races to the same list of addresses, the words are added together, and the whole of the six or seven results are charged only as one message.

4049. That is to say, the results of six or seven races, if they did not exceed 75 words, would be transmitted for 1 *s.*?—Yes, they would be transmitted for 1 *s.*, and for 2 *d.* to the additional addresses.

4050. Do you think that a service of this kind was contemplated in the original negotiations?—I think not; the continuous counting was contemplated, but not the sending of more than one message for one charge.

4051. What do you think the Post Office lost by the Central News Association last year through this system of dividing messages?—I find that last year the number of racing results sent without charge was nearly 466,000 and of news messages 215,970, the amount of which at 2 *d.* each was 5,683 *l.* 1 *s.* 8 *d.*

4052. In this respect you think it would be fair for the Post Office to adopt a different system, and obtain a revenue through an alteration in these divided messages?—I think it would be quite fair, and that it is simply a waste, at the present time, to send these messages without charging for them.

4053. Do you think that the Post Office will gain much by having ceased to send news messages to hotels and public-houses?—I think they will lose by it under the Act of Parliament system of charging. They will save by not sending so many gratuitous messages; but if a charge were made for each message, they would gain by supplying hotels.

4054. How would they do that?—Because it does not cost them 2 *d.* to send an extra message to an hotel.

4055. That is to say, they have transmitted it to the town already, and that the cost of copying and delivery is less than 2 *d.*?—Quite so.

4056. Mr. Patey stated in evidence to the Committee that the plan of running accounts and giving credit by the Post Office caused a large expenditure in the accounting department. I think he stated the amount to be 3,000 *l.* a year. Do you see any method of simplifying the accounts, so as to reduce this expenditure?—There would be no difficulty in our supplying an account daily, which I am sure the Post Office could check in two or three hours. I asked my clerk to make out a list of all the messages we sent yesterday. He has put down everything in that sheet (*producing an account*), which he prepared since 10 o'clock this morning. The account could be prepared in that shape, which would be quite as convenient as the elaborate account which we now get. This is the Post Office account for the week, made up in this way (*producing the same*). Of course, that must involve enormous cost.

4057. You think the Post Office could check your account, and give you the sum quickly?—They could check my account in a very short time.

4058. In this way you think considerable economy might be produced in the system of

Chairman—continued.

Post Office accounting?—Very great economy; it would be much more economical to take payment in that way than to take it over the counter, message by message.

4059. It has been stated in evidence before the Committee that you and the other Press Association transmit a large number of useless messages which the newspapers do not employ; do you think that that is the case?—I have communicated with several newspaper proprietors since that statement was made by Mr. Patey, and I have several replies from them generally, stating that the amount which they do not use certainly does not exceed 5 per cent., and that their not using it generally arises from their receiving it too late.

4060. Have you not a condensed and special kind of service, which you offer at 50 *s.* per annum to the newspapers which only require a certain amount of matter?—To subscribers who only require a certain amount of matter, generally the clubs. The small service is taken sometimes by clubs, but we have only 22 subscribers for that small service.

4061. How many subscribers have you for your bulk news?—We have 324 subscribers for a service which costs four times as much, and about 90 subscribers for a very much larger service, so that the larger service we have found by experience to be very much more popular than the short service. People are not satisfied to have only the heads of very important items of news; they require more frequent and more detailed information.

4062. Is it your interest, as an association making a profit, to send useless matter?—Every line which we send to the large service of 300 addresses costs us 5 *s.* for telegraphing. Our charges are fixed, and therefore we look very carefully at every line we send out. We are very careful to make the lines as few as possible.

4063. Is that for the special service?—For the general news service.

4064. I suppose generally you may assume as an ordinary matter of business, that your clients would not be inclined to pay for news which they did not want?—I think that they would stop the services very quickly if they were not required.

4065. Will you state to the Committee very shortly what is the general character of the news' service which the newspapers require in the country?—We begin in the morning by telegraphing short extracts from the leaders which appear in the London newspapers, and in the chief provincial newspapers. Then during the day we send out important matters of news, and legal decisions, also the markets and races. During the evening we telegraph Parliamentary reports, and reports of important speeches made in any part of the country; descriptive accounts of any events which may occur; a brief report of every speech made by any Member of Parliament in any part of the country, and generally anything which may be of interest to newspapers, taking care that all the matter which we send is supplied first-hand; that is to say, that it has not previously appeared anywhere else.

Colonel *Alexander.*

4066. Who are the people who judge of the value of the news for transmission; do you employ people regularly for that service?—We have editors

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Colonel *Alexander*—continued.

editors who deal with the news, and every day I read the file very carefully and comment upon it.

Mr. *Meldon.*

4067. With regard to the transmission of messages, do you not get messages sent to you from the country, and then transmit them from here to different localities?—We do; but in many cases we arrange for our correspondents to send direct to a number of our subscribers.

4068. Is it the general rule in your service to send news from your local correspondents, or does it come up to London first, and then go from you?—As a rule, when we can rely upon the discretion of our correspondent, the news is sent direct.

4069. I see in this account your messages are divided into two kinds of service, full service and brief service; will you explain to the Committee what those are?—The brief service would give merely just the most important events, perhaps two or three messages a week; the fuller service would give three or four messages daily, and the more extended service would give perhaps 1,200 words a day; and then we have in addition to that the Parliamentary services, reports of speeches, markets, and various services.

4070. I suppose you have different sets of customers for each of those different services?—We have.

4071. In telegraphing, as a rule, are the addresses of the persons to whom you have sent news registered?—They are.

4072. When they are not registered, do you pay for the addresses?—No.

4073. They are free?—Yes, they are free.

4074. How do you settle accounts at the present time with the Post Office; is it a weekly, monthly, or yearly account?—We receive a weekly account from the Post Office about four weeks after the expiration of the week to which the account refers.

4075. Do you find any difficulty in checking that account?—No; the accounts are kept very correctly; the system is very perfect.

4076. Would it not be possible to have some arrangement with the Post Office by which a set of clerks, employed jointly by both, could keep the accounts, so as not to have one large staff of clerks kept at the Post Office and another kept by you?—There is no difficulty with respect to the accounts; that account which I produced has been made out in three hours by one clerk. We keep a file of everything we send out, and from that file we can make out the account in a very few hours.

4077. Does that represent an entire day's business?—Yes.

4078. I do not see any Irish towns, except Cork, in this account?—You get only the number of messages. You have No. 7 there; under that No. 7 you would get 320 addresses, or whatever it may be.

4079. Can you account at all for the enormous charge of 3,000 *l.* a year for keeping accounts in the Post Office?—I cannot at all account for it; and there are many other charges which I cannot account for.

4080. Was there any other negotiation between you and the Post Office for keeping accounts?—No, we simply asked the Post Office to send the accounts to us.

Mr. *Meldon*—continued.

4081. Would there be any difficulty in settling each day's messages as a cash transaction?—Certainly not; I prepared that account to show how that could be done.

Mr. *Saunders.*

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Dr. *Cameron.*

4082. It would be rather a benefit to you, would it not, to settle your accounts daily?—It would.

4083. It would save you the deposit of 1,000 *l.*, which you are compelled, at present, to leave tied up in the hands of the Post Office?—It would.

4084. All the Press associations are compelled to leave a deposit there, are they not?—Yes.

4085. How much is your deposit?—£. 1,000.

4086. I believe you were one of the subcommittee who arranged the actual details of the present Press charges with Mr. Scudamore?—I was.

4087. Therefore you are in a position to speak most positively with reference to the charge which formed the basis of the arrangement?—The only object that we had in view was, to ascertain the rates that we were previously paying, and to adopt the new tariff, so as to make it, as nearly as possible, the same as the old.

4088. And the Post Office and the representatives of the press agreed as to the facts of the existing charges?—They did.

4089. Mr. Scudamore and yourself were at one as to what was being paid?—Yes, there was no difference about that.

4090. Therefore you regard the bargain that was come to as a matter binding on the nation in honour, I presume?—We should feel that we were very hardly treated if the arrangement come to under those circumstances was altered.

4091. In your opinion it would be pretty nearly as gross a breach of faith as stopping pensions probably?—I would rather let the matter stand upon my former answer if you will allow me.

4092. What is your opinion with reference to the loss which has been incurred in the transmission of Press telegrams?—I cannot understand the loss; particularly the loss that was stated with regard to Hull.

4093. You know Hull very well, do you not?—I know Hull well.

4094. What did Mr. Patey state with reference to Hull?—Mr. Patey stated that the loss arising upon Hull was about 720 *l.* a year; that the receipts from Hull were 330 *l.*, and that the cost was 1,055 *l.* I think those were the figures. I have examined the quantity of matter sent to Hull, and I find that it amounts to about 6,000 words per day. Now taking that at 1 *s.* 6 *d.* per 1,000, it would come to 140 *l.* 8 *s.*; then the writing out of 6,000 words would certainly be a light day's work for a clerk at 35 *s.* a week, which would cost 91 *l.* a year; two messengers at 9 *s.* a week would come to 46 *l.* 16 *s.*, which makes a total of 278 *l.* 4 *s.*, which strikes me should be the outside cost for the work done at Hull, instead of 1,055 *l.* as stated. I find that at Hull, 8,550 messages are delivered free under the system I explained just now, therefore I should add to the receipts acknowledged for those messages, 71 *l.* 5 *s.*, making a total receipt of 401 *l.* 5 *s.*, showing a profit in my view on the news sent to Hull of 123 *l.* 1 *s.*

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Mr. *Saunders.*

23 May 1876.

Chairman.

4095. That is provided these gratuitous messages were charged for?—Yes.

Dr. *Cameron.*

4096. And deducting them, what would it be?—Deducting them there would be a profit of about 50 *l.*

4097. Instead of a loss of 700 *l.* and odd?—Yes, instead of a loss of 700 *l.* and odd.

4098. Therefore you do not agree with Mr. Patey's finance?—I think there must be an over estimate of cost, or else the work must be very much mismanaged.

4099. Is that the same principle upon which he has proceeded with regard to the general press messages?—I take it that the same principles apply, and therefore finding the mode upon which the charges are calculated for Hull, I am not surprised to find an estimated loss of 20,000 *l.* throughout the country.

4100. Did not the Post Office formerly allow the telegrams to be sent to hotels and private persons?—Not at Press rates.

4101. I thought you had a service of that sort?—To hotels, but not to private individuals.

4102. Is there any reason why special news services should be prevented from being sent to individuals?—I can see none. I can see no reason why one person should not have the same advantage as another in the supply of news.

4103. It would not cost 2 *d.*, would it, to make an additional copy?—It would cost nothing like 2 *d.*, I should suppose. We write 20 copies at once. I can show the Committee 20 copies which have been written at once (*producing the same*); 20 copies of flimsy are easily produced.

4104. You do not find manifolding expensive?—It is in no way expensive, and the clerk writes it very rapidly.

4105. What would be the cost of the stationery in those 20 copies?—It would be scarcely appreciable.

4106. I suppose you would bear out the last witness that the hotel and public-house business was a source of profit to the Post Office?—Excepting the gratuitous messages. By stopping the gratuitous messages it would be a source of profit.

4107. Does your experience bear out Mr. Lovell's, to the effect that the stoppage of this duplicate news supplied to hotels and public houses has not resulted in their getting special telegrams at the high rate?—I have no experience in that matter.

4108. But I presume that if hotels and public houses did get special news messages, those messages would have to come either through your hands or those of the Press Association?—The hotels do get messages to some extent, but not to anything like the extent they did formerly. We send out, perhaps, 1,000 messages a month to hotels now.

4109. Against how many formerly?—Against some scores of thousands formerly.

4110. There is a very great diminution in the total?—An enormous diminution.

4111. Will the Post Office be able to conduct the service more cheaply now than formerly?—I should think the service must be conducted at a very much greater cost, because they have to send them separately to separate addresses. We have now, when we send a message to an hotel, to give the address, and we find the messages do not go nearly so well as they did. We get a far greater proportion of complaints under private messages as compared with messages sent under the services. For instance, the complaints that we had in the month of April amounted, under the service system, to only one in 8,935, whereas under the private messages the complaints were one in 254.

Dr. *Cameron*—continued.

4112. There is a very considerable difference between the position of the London newspapers and the provincial newspapers respecting telegraphic news, is there not. What I wish to bring before the Committee is this, that the London newspapers derive a very small proportion of their supply of news from telegraphic agencies, do they not?—News originates more largely in London than anywhere else, and consequently the London newspapers do not require so much telegraphing as the provincial newspapers.

4113. And what provincial news they get, they get to a large extent from their correspondents direct, do they not?—No, I think not. We supply nearly all the London newspapers with provincial news.

4114. But I suppose the question of the revision of the tariff, and of this proposed change in the charge, is not of so much importance to the London newspapers as it is to newspapers in the country?—It is not of so much importance to the London newspapers, partly because there being several newspapers in London, they would get the news at a lower rate in proportion to the provincial newspapers, and partly because they do not receive so much telegraphic communication as the provincial newspapers.

4115. Therefore, supposing a difference of opinion to exist between the London newspapers and the provincial newspapers on that point, that difference of circumstances would to a large extent account for it, would it not?—I should think the London papers would very much like an increase. They would suppose that it would prevent the country newspapers getting such long Parliamentary reports, and competing successfully with them. I do not know whether they would allow that idea to operate, but it might in that direction.

4116. You have, I believe, some suggestions to make in connection with the forwarding of news messages, which you think would tend to economy; will you please mention them to the Committee?—At present a good deal of inconvenience arises from a number of reports being required of important speeches. When Mr. Bright, Mr. Gladstone, or Mr. Disraeli speaks, half a dozen reports are frequently provided, and the effect of that is that a great deal of expense has to be incurred by the Post Office in providing special accommodation, and a great deal of delay often takes place in the transmission of those important speeches. And the same difficulty arises with regard to important events. A large number of private telegrams are handed in relating to one important event, such, for instance, as an alteration of the Bank rate, or an important race, which cause a good deal of delay frequently to arise in the transmission; and I would therefore suggest that in such cases the Post Office should provide the report, and offer it to all the news agencies which choose to accept it.

4117. You

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Chairman.

4117. You mean that you would ask the Post Office to collect news as the old telegraph companies did for such purposes?—Yes, but to a very limited extent, and only in agreed cases; and that report should have the preference, so as to avoid the confusion which now arises in the endeavour to get half a dozen reports over a limited number of wires.

Mr. *Ripley.*

4118. Admitting for a moment that the ideas of the Post Office authorities are correct, that there is a loss of 20,000 *l.* upon the working of press messages, have you any suggestion to make in addition to those to which you have just referred, by which, I will not say exactly a saving should be made, but increased facilities should be given to the public which should produce a larger amount of revenue, so as really to get rid of the loss?—If they sent news to private persons as well as to clubs and news rooms, they would at once have so many subscribers that the increase would be largely profitable.

4119. Might it not be possible, in addition to bringing back the system, which I presume you agree is a very good one, of affording to the hotels the facilities which they have had, that many working men's clubs, especially in the evening, might be willing to receive a certain amount of telegraphic news which would be thought valuable by the working men themselves, and tend also to increase their information?—Working men's clubs are now entitled to news, and we have taken some pains to introduce news to them. I think the chief difficulty in that respect has been owing to this fact, that important news hardly ever arises between six in the evening and 10 o'clock in the evening. Everybody seems to be at dinner then, or for some reason or other nothing happens at that particular time, and the evening services, therefore, have not become popular.

4120. Have you any other suggestion to make to the Committee?—I think, as I have already stated, that the stoppage of what I call the gratuitous messages would at once put the Post Office in a good position.

Chairman.

4121. It was stated to the Committee in evidence that for some reason or other not explained, the amount of telegraphing done by news agencies had but slightly increased since 1871; is that the experience of your association?—The amount of telegraphing has very largely increased according to my experience. We are now receiving more than double the amount that we then received, and we have more than twice as many subscribers.

4122. Can you tell me in figures what sum you paid to the Post Office in 1871?—I paid to the Post Office in 1871, 5,312 *l.* 10 *s.* 9 *d.*

4123. What did you pay to the Post Office in 1875?—In 1875 I paid 10,725 *l.* 19 *s.* 5 *d.*

4124. How many subscribers had you in those two years?—In 1871 we had 328 subscribers, and in 1875, 725 subscribers.

4125. What amount of money do the news agencies receive from the public for the news which they supply?—I think about 60,000 *l.* per annum.

4126. Do you know how much the telegraph companies received?—£. 24,000 was the amount stated.

Chairman—continued.

4127. Then either the facilities at the Post Office, or the better news you supply, has largely increased the demand?—Yes; it has made the demand something like fourfold altogether, or at least I might almost say five or six fold, because in addition to what the news agencies send, there are a great many private wires, and a great deal of special telegraphing. I think now the public pay about 129,000 *l.* a year, as compared with 24,000 *l.* which was paid formerly.

4128. That may be partly owing, as the honourable Member suggested, to the spread of education and the increased demand for news?—Yes; the war in 1871 developed the desire for news very much.

4129. Would you agree with what a previous witness has stated, that if it is found necessary to increase the charges, so as to make the system self-supporting to the Post Office, it would be better to do so upon the basis of the old charge, rather than upon an entirely new basis, such as a shilling upon each message to a new town?—I think it would. At the same time I cannot conceive the necessity for any increased charge to make the service profitable.

4130. Do you think that much economy might be introduced into the Post Office mode of managing the transmission of news if your service system were adopted instead of the address system for private persons?—Very much so.

Colonel *Alexander.*

4131. Referring to your proposal of the collection of news by the Post Office, how would you determine when the news should be collected by the Post Office, and when by the agency of the Association?—When the Post Office receives notice from several news agencies that they require the report of a speech, I would suggest that the Post Office should then supply it to all the news agencies, and when they knew that an important event anticipated was of great interest, they should arrange to send that event from their own information.

4132. What means would the Post Office have of collecting news?—The Post Office, in the case of getting a report, would have to employ recognised reporters, who must be paid, and the charges might be equally divided amongst the news associations taking the report. With regard to obtaining information upon important events, it generally happens that the Post Office are prepared to do that. For instance, in the case of the Oxford and Cambridge Boat Race, they have an establishment at the terminus from which they can see the result, and they might send it without the slightest delay.

4133. And you think that no loss would ensue to the Post Office from the adoption of such a system as that?—It would be, I think, a great gain to the Post Office; that would be one point which I should suggest. I have with me a couple of letters from the Post Office, dated respectively 1874 and 1875, showing that they do not look upon the present rates as involving a loss; in those cases they have written to me to say that I must pay something per week if a certain office is kept open, unless I increase the quantity of news; in which case, if the quantity of news is increased, there will be no loss.

Mr. *Goldsmid.*

4134. Have you examined the estimates upon which

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Mr. Saunders.

23 May 1876.

Mr. *Goldsmid*—continued.

which the statement that there is a loss upon the news department is founded?—I have, in reference to Hull; and it strikes me that the cost should not be more than a third of what the Post Office indicate as the cost.

4135. You would not agree with the estimate of cost which they give you?—I cannot conceive how the money can be spent, because I know that telegraphing is done very readily. I have had special wires in my own office, and I have watched the work of the clerks; the clerks can transmit the copy as quickly as they can copy without transmitting. I have had clerks in my office who could transmit 2,000 words per hour; that of course is exceptional, but taking it at 1,000 words per hour, you will find that the cost does not exceed 1*s.* 6*d.* per 1,000 words for transmitting.

4136. If you think that these estimates are fallacious, might not that be accounted for by the fact of the exorbitant amount they put down for office expenses, and also for interest, because the capital account was unduly swollen?—Yes.

4137. Which would fall hardly upon your telegrams if it were used for the purpose of showing that they did not pay?—It would be very hard upon us.

4138. You believe that the charge agreed upon between you and them would pay upon a reasonable capital account?—I believe that if they were to allow us to put up wires of our own, the pressmen could do the work which is now done at less cost, and much more quickly than it is now done.

4139. And you think you would still make a good profit?—I think we should.

4140. Therefore you can hardly understand their allegations that they are working without making a profit?—I think they ought to make a very handsome profit.

Dr. *Cameron.*

4141. The Post Office have taken away facilities which were formerly granted to weekly newspapers, have they not?—The Post Office formerly allowed weekly newspapers to have a supply daily, and now they only allow them to have a supply two days a week.

4142. Upon what principle is that done?—I believe it is supposed that they are only entitled

Dr. *Cameron*—continued.

to news for publication, and, consequently, that they should not have the news except on publication days.

4143. Would not the result of that be to cut down the revenue of the Post Office?—It would.

4144. Without bringing any possible advantage?—I cannot see any advantage that can arise from it, but of late everything has been stopped that could be stopped. Formerly subscribers were accepted very readily; they are now accepted with very great caution, and if there can be any reason discovered for not supplying news, it is availed of, and therefore the principles upon which they go now seems to be different from the principles upon which they went formerly of giving the greatest facilities possible.

4145. You never heard any complaints with reference to the news rates charged by the old companies not paying them, did you?—I thought it was a profitable rate.

4146. It was at all events adopted voluntarily?—Entirely voluntarily.

4147. And they had such a monopoly as would allow them to select the charge best suited to produce a profit?—That was so. I should like to mention that with regard to the charge of 200 *l.*, which was said to exclude sporting news, we did get a certain amount of sporting news included in the 200 *l.* a year.

Chairman.

4148. Did you get any considerable amount of sporting news?—As much as was required for ordinary newspaper, but not enough for newspapers which made racing a special feature.

Mr. *Meldon.*

4149. Under the present tariff the public are greatly convenienced by the quantity of news you are able to supply and which the papers take?—The improvement in the provincial newspapers has been very obvious since the news rate has been introduced.

4150. Would not the raising of the tariff as suggested by the Post Office curtail the amount of news that would be taken from your association?—It would curtail it very much.

4151. And therefore the public would to a certain extent be the sufferers?—They would.

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Friday, 26th May 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Charles Allsopp.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. William Beckett Denison.
Mr. Goldsmid.
Mr. John Holms.
Lord Robert Montagu.
Mr. Ripley.
Mr. Sclater-Booth.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. GEORGE HARPER, called in; and Examined.

Chairman.

4152. You are Editor of the "Huddersfield Daily Chronicle," are you not?—I am.

4153. Do you represent here the Provincial Newspaper Society?—I do.

4154. How many newspapers does that society contain?—About 300.

4155. Were you at one time president of that society?—I was.

4156. In 1868, did you enter into a correspondence with regard to the transfer of the Telegraphs to the Government?—I did.

4157. What resolution was passed in that year by the Provincial Newspaper Society?—I will read the resolution: "That the maximum rate for the transmission of telegraph messages should not exceed that which is now paid by each individual proprietor, which is, for transmission, exclusive of the cost of collection, 2 *d.* per 100 words."

4158. Did a deputation go to the Post Office to support that resolution?—Yes.

4159. And what happened there?—We had an interview with Mr. Scudamore, and after a lengthened conversation with him, nothing satisfactory was arrived at, but we were requested by him to put our views in writing, which we did, and subsequently received a reply from him to our representation. That reply was not satisfactory, inasmuch as it proposed a charge of 1 *s.* for a single newspaper, adding 2 *d.* for duplicating, and it contained what we considered to be an unfair clause, that the newspapers were to be in the same town. To that we objected, and a letter was again forwarded to Mr. Scudamore and a subsequent interview took place with him.

4160. That which Mr. Scudamore then suggested is practically the proposal of the Post Office at the present moment, is it not?—That is practically the proposal.

4161. When you saw Mr. Scudamore again, did he make any concession?—He did.

4162. What was the concession?—That messages would be conveyed to the proprietor of one newspaper at the rate of 1 *s.* per 100 words, and that a duplicate of such message would be transmitted to any number of press proprietors at an additional charge of 2 *d.* per message.

Chairman—continued.

4163. Was that placed in the Act?—I believe it was.

4164. The Committee have had a considerable amount of evidence with reference to the negotiations between the Post Office and the press. I will not take you through that, because it is already in evidence; but you considered, did you not, that the assurances which were obtained, were of such a character that you cannot now approve of the proposals which are made to alter them?—That is so.

4165. Why do you think the proposal to revert to Mr. Scudamore's first intention of charging 1 *s.* for every 100 words, and 2 *d.* for copies in the same town, but not in different towns, is objectionable?—It must inevitably lead either to the stoppage of some newspapers or to such a diminution in the amount of news they take, that it is a thing which we cannot possibly accept.

4166. I suppose you coincide with the witnesses who have already appeared on behalf of the Press, in the belief that its effect would be that poor newspapers would be charged most, and rich newspapers least, under such a system?—That is so.

4167. On account of rich newspapers being in large towns where there are several of them, and the poor newspaper being in small towns where there is only one?—That is my reason.

4168. What would be the effect upon the weekly newspapers in the provinces?—I do not think telegraphic business with the weekly press has been developed to the extent it might have been, and that I think it would be if the transmission were more perfect than it is. The weekly press have two or three substantial newspapers in each town, which are able to take telegraph news, but in consequence of the irregularity with which it is received very many of them decline to take it, or if they take it, it is literally of no value to them, because it arrives so late.

4169. The news arrives so late on account of their weekly publication?—Yes, they have to go to press before the latest news arrives.

4170. What do you think would be the effect on newspapers in growing towns in the neighbourhood

Mr. *Harper.*
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Mr. *Harper*.

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Chairman—continued.

bourhood of large towns?—It would be a very serious effect.

4171. How so?—Take my own case at Huddersfield; the towns of Bradford, York, Hull, Darlington, and some others will also illustrate it. If this Act, as now proposed, is carried out, I should pay 1 *s.* per 100 words, whereas my neighbours at Manchester, 26 miles away, having three morning newspapers, would pay 5 *d.* and a fraction, and Leeds, 16 miles away, would pay 7 *d.*, consequently that is handicapping me as a single daily morning proprietor to a very serious extent.

4172. Do you find in the case of such small but growing towns, that there is considerable delay in the transmission of news?—I think there is.

4173. Owing to what?—Owing to re-transmission.

4174. Have you any real knowledge that the small districts suffer by telegraphic delay in that way?—I have suffered myself.

4175. To what extent?—I have had the rising of the House somewhat better lately, but even now I do not get the news in less than 50 minutes; only a special telegram to say the House has just risen.

4176. You are aware that Mr. Scudamore, when he made the arrangement with the newspaper proprietors, relied upon the old rates of the telegraph company being remunerative to the Department?—He did.

4177. Supposing it is clearly established that these rates are not remunerative to the Post Office, but are carried on with a loss to the Post Office, do you think the newspapers have any peculiar claim to receive service from a public department at a positive loss?—I think they have; Mr. Scudamore admits it. This is Mr. Scudamore's statement, and I accept it. I read this in a Parliamentary Paper issued in 1868, in reply to a statement why the Government should not take over the telegraph wires: "It seems to me that the press throughout the kingdom should be regarded as a matter of national importance."

4178. But that does not answer the question I put to you; it may be a matter of national importance to send to the press cheap news; but would you consider that that would justify a department giving the news for less than it cost them?—I thought that would have been an answer to the question; the character of the press cannot be exactly gauged by any other occupation, and for that reason I think a concession should be made in the case of the press.

4179. Do you think the Government or the State would be justified in giving a subvention to the press, which is carried on for commercial purposes, at an actual loss to the revenue of the country?—Not at a very serious loss. In principle I think it should be so.

4180. You are not prepared to go so far as to say that if the loss is clearly ascertained, the newspaper press of the country would be willing to pay, so as to prevent a loss, whilst they would not consider that the communication of news was a proper subject of any considerable gain?—I do not think the press, if it were shown to them that there is an absolute loss upon the present transactions, would entertain any serious objection to meeting the difficulty, but the objection that we should have is that the difficulty should

Chairman—continued.

be met by punishing the weaker newspaper proprietors.

4181. If any change were necessary, would you prefer rather that the proposal of the Postmaster General, that there should be a shilling charged for every distinct telegram, that there should be an increase in the copy rate. I am of course assuming that there is a loss?—I can scarcely say. I have not considered that point.

Mr. *Sclater-Booth*.

4182. You complain that you are handicapped as compared with the newspaper proprietors of Manchester or Leeds. Does that complaint arise from the fact that they may divide amongst them a charge which falls upon you alone?—Yes.

4183. But are you not compensated for that, by the fact that you have the monopoly of the custom of your town?—Certainly not. In the first place we suffer from the re-transmission from one of these great centres; our workmen in the smaller towns are waiting for copy, thereby involving considerable expense, while it is being put in type in the larger town, and in addition to that, the town is so surrounded by newspapers that, practically, we have no monopoly.

4184. Do I understand you to state that you have a rival newspaper in your town?—Not a morning newspaper.

4185. Then how do you suffer by re-transmission from Manchester?—The news is sent by direct wire to certain centres, and from there it is re-transmitted to the smaller towns, and it is the delay which takes place in the re-transmission that I complain of.

4186. But that was on a different point. I understand you to say, that you have to bear solely the charge which in Manchester is divided among several?—Yes, the charge would be divided among three in Manchester if the Postmaster General's proposals are carried out.

4187. I want to know are you not recompensed for that outlay by having in your town no rival newspaper of equal position to your own?—Certainly not. The Manchester newspapers' position is somewhat of an Imperial character. They have a very extensive and wide circulation throughout the kingdom. A local newspaper rather sells for its local news than for its general news, although it is an absolute necessity that important telegraphic news should form a part of the newspaper.

4188. Do you think that any newspaper, as being a portion of that great whole, the Press, has a right to service from the State in respect of the transmission of news, regardless of the fact that some loss may thereby be occasioned to the public?—I think there should be a concession made; I may say that we were not, like the general public, participators in any reduction when the transfer of the telegraphs took place. We accepted the payment which had been made to the old companies.

4189. I think you put your claims so strongly as this, that a service of this kind rendered by the State should be equally applicable to the weak papers as to the strong?—It should apply generally.

4190. You think that a newspaper in itself as a newspaper has this claim irrespective of its intrinsic merits, or of its popularity, or of its circulation?—Certainly.

4191. You consider that all papers are upon a par

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Mr. *Sclater-Booth*—continued.

par in their right to claim this privilege—Certainly.

Colonel *Alexander.*

4192. I think that the paper written by Mr. Scudamore, which you quoted, was written in 1868?—It was.

4193. That was when he confidently anticipated that the telegraphs could be worked at a profit?—Yes; I will quote the preceding paragraph to the one I have already read, which will answer your question: "As a matter of course it would not undertake to collect news any more than it would undertake to write letters for the public, but the news being collected, it could, and I submit ought, to transmit it at rates, at least, as low as those now charged, and which, though they are unquestionably low, are still believed to yield the companies considerable profit."

Lord *Robert Montagu.*

4194. Why are telegrams important to weekly newspapers?—In order to give freshness and diversity to them.

4195. You mean the latest telegrams, before the publication of the weekly newspapers?—That is so.

4196. They cannot get the latest telegrams in time, I understand you to say?—That is so.

4197. Is that the fault of the Post Office?—I cannot say whose fault it is. "The Huddersfield Weekly Chronicle," became a daily newspaper, about five years ago; my experience was very serious prior to that.

4198. Mr. Scudamore considered, and you indorsed his opinion, that the Department should work at a loss for the Press as being a matter of national importance. I suppose you would say that, in regard to every matter of national importance, the Government should not so much consider the cost, as the attainment of that object of national importance?—I should be guided by the proposal, and what it had reference to.

4199. For instance, education is considered a matter of national importance, and grants are voted for that, and the support of the poor likewise, and even the maintenance of cattle free from cattle plague and other diseases are all considered matters of national importance, and Government does not hesitate to ask for grants of public money for those purposes?—I regard the Press as an educational agency, and therefore I should claim for that, as well as for the education of the children.

4200. What I want to understand is why that should not depend upon the amount of circulation of the newspaper?—I cannot see why the circulation should have the slightest influence in regulating the question.

4201. If a newspaper had a very slight circulation, why should the Government go to an expense which of course would be greater in proportion in that case in order to furnish that newspaper with news which could be equally well diffused by a newspaper with a large circulation?—The small newspapers are not asking for any speciality; they are simply saying, Let us all be on one footing; and although a weekly newspaper undoubtedly creates its sale mainly by the manner in which it attends to local questions, the insertion of this class of news, Parliamentary or otherwise, is absolutely necessary; and I think every Member of Parliament who represents a country town knows something of the value of such a paper for political and other purposes.

Lord *Robert Montagu*—continued.

4202. I did not exactly understand what you meant when you said you were handicapped, and that other newspapers in larger towns were at a less ratio of expense than yourselves?—I want to receive the news at the same rate as I am now receiving it; I pay the same as Manchester; I am not handicapped now, whereas I should be under the new Act.

Mr. *Ripley.*

4203. You have had considerable experience in your position, have you not?—I have.

4204. For what length of time?—I have been 26 years in Huddersfield.

4205. Are you connected with a large number of newspapers now, especially in connection with the transmission of news?—I am.

4206. You therefore feel yourself competent to give some opinion with reference to the probable effect of any change in the mode of transmitting news, or in the rate at which the news is transmitted to the Press?—I think so.

4207. Then you expressed an opinion that the State might even go so far as to subsidise the Press as an educational establishment even at a loss to the country?—I think it might.

4208. But may I ask you this question. In your opinion, having had the experience you have had, would you think it probable in the event of increased facilities being given by the Post Office Telegraph Department for the transmission of Press news that any loss which at present exists, supposing that there is one for the moment, would be covered absolutely by these increased facilities without any increased charges whatever?—I think there are two ways by which some expense, a considerable expense indeed, might be saved in the department; I think that increased facilities for transmission would lead to an increased number of customers, and consequently to an increase in the revenue. I firmly believe that in the case of a morning daily newspaper where there is only one published, as in my case, the very great expense which no doubt the Post Office is put to at the present time in keeping open an office for my purpose until three in the morning may be obviated by using a portion of my own office by tapping a wire into it, and using that portion for the purpose of transmission.

4209. You would be in favour of giving increased facilities to the Press for that purpose?—Certainly; I should be very happy to place a room at their disposal in my own office.

Dr. *Cameron.*

4210. The Right honourable Chairman asked you a question concerning the loss upon Press messages sustained by the PostOffice; in your opinion, has that loss been definitely made?—I have not seen anything which satisfies me that there is a loss.

4211. At all events, are you satisfied that there is more loss than there is upon public messages?—I should think not.

4212. Are you aware of the number of words transmitted for the Press over the wires in the course of the year?—I am not.

4213. Assuming that that loss is about equal on the public and the Press messages, would it not in your opinion be fair, if it is necessary to increase the charges, to raise the charges to the public in the same proportion as to the Press?—Most decidedly.

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Mr. *Harper*.

26 May 1876.

Dr. *Cameron*—continued.

4214. The Right honourable Chairman asked you a question about the increase in the copy rate; the copy rate is at present 2 *d.*, is it not?—Yes.

4215. An increase, therefore, of a penny upon the copy rate would be equal to an increase of 50 per cent.?—It would.

4216. And if you put a similar increase upon the public messages it would increase the 1 *s.* rate to 1 *s.* 6 *d.*, would it not?—It would.

4217. And even a halfpenny increase on the duplicate messages would, at the same rate, increase the charge of 1 *s.* on public messages to 1 *s.* 3 *d.*, would it not?—It would.

4218. The Provincial Newspaper Society includes a great number of weekly newspaper proprietors amongst its members?—Yes.

4219. Have you had any complaints from them concerning the transmission of news to weekly newspapers?—They very seriously complain of the special charge which has been made upon them for keeping open the offices.

4220. There has been some alteration, has there not, in the rules with regard to supplying them with news during the week at all?—I believe there has, except upon the day of publication.

Dr. *Cameron*—continued.

4221. Have you heard any complaints with respect to that?—Yes.

4222. Have you heard much complaint?—Yes, very serious complaint.

4223. Do you know what is the reason alleged for that change?—I do not know.

4224. The change applies equally to towns where there are a great number of daily newspapers, and to towns where there are none?—It does.

4225. In towns where there are a great number of daily newspapers, if the news is to be sent there, the stopping of those supplies during the week will be a simple loss of revenue to the Post Office?—It will.

4226. Do I understand it to be your opinion that the Press should be subsidised at the expense of the nation, or merely that any loss incurred over the entire postal telegraph service should not be attempted to be made up simply at the expense of the Press?—Not simply at the expense of the Press.

4227. You only protest against carrying more than your own burthen?—That is all.

Mr. JOHN C. MACDONALD, called in; and Examined.

Mr. *Macdonald*.

Chairman.

4228. YOU are on the Staff of the "Times," are you not?—I am.

4229. What is your opinion with reference to any peculiar privilege which newspapers should enjoy against any other section of the public, if there is a loss in the telegraph service?—I think that newspapers are as well able to go alone and pay their way as any other interest in the community, and that if they are not able to do so, they are not, in the real sense of the word, newspapers, and have no right to influence opinion, not being independent.

4230. I suppose you would consider, that as newspapers use telegraphy upon a great scale they ought to have special rates, and those rates specially low rates?—Certainly.

4231. Are you aware that at present the 1 *s.* which is paid by the Press for 75 words in the day, is just about equal to double the facilities offered to the public, and not more?—I am.

4232. And that 100 words for 1 *s.* at night is exceptionally better?—That is so.

4233. But in considering that newspapers should have specially low rates, you still think that if those rates are unremunerative, they should be revised?—Most certainly.

4234. What do you think is the effect upon newspapers generally of the charge of 2 *d.* for a duplicate copy of a Press message?—I think it practically amounts to a subvention from the State; I do not think that such a rate can possibly be remunerative, and I understand that such is openly stated by the Post Office, who are authorities who ought to be listened to with deference upon a subject of that kind.

4235. Do you think that that rate gives any undue preference to certain newspapers over others?—Most clearly.

4236. How so?—In two ways; newspapers which receive the duplicate matter for 2 *d.* are clearly placed at an advantage, as compared with newspapers which are content to receive their news under the ordinary rate; there is a double unfairness in the arrangement, because in the case of all duplicate messages the message is charged the full rate, and you may have, even in the same town, one newspaper paying 1 *s.* for 100 words at night, or 75 words during the day, and all the other newspapers in the town paying only 2 *d.*; that is clearly an undue preference.

Chairman—continued.

4237. You think it may also arrest the growth of special telegrams on the part of the Post Office, do you not?—Most clearly.

4238. And in that way diminish the naturally accruing revenue which would take place if these twopenny duplicates were not the rule?—Most clearly; I have not the figures myself, and I am not able to quote them, but I understand that the revenue of the Post Office from original telegrams and special telegrams, is one which is rapidly increasing.

4239. What do you mean by original telegrams?—Original matter sent specially through; that is to say, that the revenue which the Post Office derives from telegrams transmitted at the rate of 100 words for 1 *s.* is largely on the increase, whereas I believe that the revenue of the Post Office from these duplicate messages has been for a year or two past practically stationary.

4240. Do you think that the existence of news agencies supplying news upon a public principle like that upon which gas and water are distributed, is apt to check the orginality of newspapers throughout the country?—I think so.

4241. Do you think that that is a marked evil?—I cannot look at it in any other way. The character of a Press is part of its influence for good, and unless that Press is original and independent, and has all the qualities which command, or are likely to command, the respect of the community, I do not see the use of its existence at all.

4242. You think the collection of news by certain

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Chairman—continued.

certain agencies is apt to stereotype the views of the public in a particular direction?—I think clearly so.

4243. But did not those agencies arise a good deal from a want of experience with telegraphs, and the difficulty of newspapers adapting themselves to a new telegraphic system?—The whole thing was new; the rise of the modern provincial press is new; it is mainly a creation of the telegraph, and especially of the postal telegraph. The postal telegraph has given a powerful impulse to provincial journalism, and upon the whole an excellent one.

4244. Do you think it would be of any consequence if those messages which are supplied upon the twopenny duplicate system had clearly marked upon them that they were duplicates?—I think so, because at present newspapers which receive their telegrams from the Post Office are not in a position to know whether the telegrams they receive are original telegrams, or have been sent to other newspapers also; and as the study of each newspaper is to have as far as possible its matter fresh and different from that of other newspapers, of course it desires to know that fact; it also desires it, in order to be able to check the sender in his account. I have known instances in which advantage has been taken by the sender of news of that difference in the rate, in order to make excessive charges. For instance, a newspaper like "The Times" is always liable to have the original message sent to it, upon which the full charge is made, yet "The Times" is clearly entitled, like any other newspaper, if the message is a duplicate message, to have the benefit of the twopenny charge while it is maintained.

4245. Are you referring to news agencies?—No; I do not say so with regard to news agencies. Every correspondent in every town is a news agency.

Mr. *Sclater-Booth.*

4246. That is to say that there is no security that your message is an original message?—No.

Mr. *Goldsmid.*

4247. You refer to your correspondents in the different towns?—Yes, every town has them; they swarm, but they are treated by the Post Office exactly as news agencies, or nearly so.

Chairman.

4248. Do you see any disadvantage in the present system that news appearing in one paper are telegraphed, irrespective of copyright, to many other newspapers?—I think it very unfair to a newspaper which has collected news from abroad, or, under any circumstances, involving large expense, that instantly upon publication that news should be in the possession of news agencies to transmit everywhere by means of a great public department, that public department at the same time imposing rates which are unprofitable.

4249. You think that the importance of this question of newspapers using news collected by others at considerable expense, has arisen since the Post Office became a great distributing agency?—Before these modern facilities existed, before the invention of Wheatstone's automatic instrument, and the appliances which now exist in the Post Office for doing an enormous business of that kind, it could not be done, and, practically, no inconvenience arose, but now the news which

Chairman—continued.

appears in "The Times" and other London morning newspapers, collected at immense cost, is seized instantly by the news agencies, and transmitted at those rates and spread all over the country, those rates being asserted by the Post Office itself to be unremunerative.

Mr. *Sclater-Booth.*

4250. Do you thoroughly understand what is the proposal which the Postmaster General has made with regard to some increase in the charges or the transmission of news?—I think I do, but I am not sure. My impression is that the Post Office has proposed that the 1 *s.* rate for 100 words should affect all duplicate messages not ent to a single town; that with regard to messages sent to a single town the present arrangement should exist; that is to say, that the newspaper in a town, for example, to which the first message is sent, should pay for it at the rate of 1 *s.* for 100 words, and that other newspapers or libraries, or public institutions in the town receiving the same message should pay for those duplicates at the rate of 2 *d.* per 100 words; that is what I understand to be the proposal of the Post Office.

4251. How does that differ from the present practice?—According to the present practice, no matter where the newspaper or the public institution may be, the duplicate news which is sent to it is charged 2 *d.*; so that the original message may go to Birmingham, and the Birmingham newspaper will pay 1 *s.* per 100 words, and a duplicate of it may go to Land's End or John O'Groat's House, and the receiver of the duplicate will pay 2 *d.*

4252. The proposal now is that the recipients of those duplicate messages in different towns should be upon the full rate?—I see no objection to it. It seems to me that the Post Office people should know their own business best, and that what they ask for in a matter of that kind is likely to be reasonable.

4253. You are aware that there is no proposal to change the normal rate of 1 *s.* per 100 words during the day, and 75 words during the night?—I understand so.

4254. The change proposed is with regard to the transmission of those duplicate messages?—Yes. I should be sorry that the Committee should be under the impression that I consider it fair that duplicate messages should still be carried for 2 *d.*, the original of the duplicate having been charged the full rate. It seems to me that all messages which are sent by the Post Office should be charged the same duplicate rate, and that the first recipient should be upon the same footing as the last.

4255. I want to know whether you consider that the Postmaster General's present idea of economy is entirely confined to these duplicates, and does not affect the normal rate of transmission by night and by day?—I understand that.

4256. You are aware that the cost of the telegraph service has been greatly in excess of what was anticipated some years ago, and that there is urgent need of some means being taken by which both ends should be made to meet if possible?—I am aware of that.

4257. Do you think that if so important an extra receipt as 30,000 *l.* a year could be effected by this alteration, it would be a reasonable course for the press to acquiesce in?—I think so.

 4258. I think

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Mr. *Macdonald.*

26 May 1876.

Mr. *John Holms.*

4258. I think the question here is rather a question of good faith between the Post Office authorities and the press than anything else, that is to say, that the press, before the telegraph wires were taken over by the Post Office were accustomed to have rather favourable terms from the old companies; it has been stated to this Committee that the newspapers paid 200 *l.* a year, for which they could receive, each day, 4,000 words, which I find to be at the rate of 2 *s.* 9 *d.* per 1,000 words, the old telegraph companies collecting the news. At the present time the arrangement with the Post Office is that 1,000 words would cost. say for the first 100 words, 1 *s.*, and then repetitions for the 900 remaining words of the 1,000 would make it up to 2 *s.* 6 *d.*, being a little more in reality than the charge was under the old system, because it was considered that the cost of collection was almost a half of the whole charge. The object, therefore, which the press seems to have here is to assert that good faith towards them requires that the charges should be maintained at 1 *s.* for the first 100 words, and 2 *d.* for each duplicate message, is not that so?—It appears to me that an argument of that kind, if pushed to its limit, involves this conclusion, that no matter whether the State is losing or not, faith to the weaker portion of the press demands that that loss should be continued. I think that is a conclusion which clearly shows that it is unreasonable for the parties who receive a certain service to expect that that service shall be continued when it ceases to be properly paid for; all service depends necessarily on its being remunerative, and I cannot conceive any permanent contract to which a body, however respectable, can hold the State so firmly as that the State shall not disengage itself from that contract when it ceases to be properly remunerative.

4259. And you do not think that it is an advantage to the country that the newspapers should be supplied at the present cheap rate?—A powerful and self-reliant newspaper is a great blessing to the country, but a newspaper which is not so, had better drop out.

4260. I think you stated, also, that the present system rather tends to prevent originality?—Clearly so.

4261. But then I think you also stated that initial telegrams are upon the increase; how do you reconcile those two statements?—That is to say that the tendency of newspapers which have a solid commercial basis is to increase their dealings with the Post Office, and to rely more and more upon special telegrams and private wires, and to consult their own idiosyncrasies and their own individualities, to make themselves features of the neighbourhood in which they flourish.

4262. If the original telegrams are increasing and the repetitions are decreasing, does not that show that the whole thing is righting itself, and that the public is demanding fresher and more original news?—That is a question which I cannot answer; it seems to me that it is a question which is entirely within the competency of the Post Office authorities to answer.

4263. At present are there not several news agencies, and as you state every correspondent is a news agent, therefore is there not much more freedom than formerly, thus making the reports more frequent and more varied?—Yes.

Colonel *Alexander.*

4264 A witness who has been examined before this Committee stated that news, for the most part, originated in London, and that the metropolitan papers made very little use of the telegraphs; is that the case?—I do not know what the other metropolitan newspapers may do, but "The Times," I suppose, does not pay the 2 *d.* rate at all, and I daresay has never paid one; I cannot be quite positive about it, but I fancy "The Times" has never paid the 2 *d.* rate.

4265. Your telegrams are, for the most part, foreign telegrams, are they not?—There is a large amount of original telegraphing also done from the provinces; no public meeting of any importance takes place without a special report being sent up.

4266. Do you think that if the 2 *d.* rate is abolished, the newspapers having that advantage would willingly pay 1 *s.*?—Whether they would be willing or not I do not know, or whether the rate should be 1 *s.* or not I do not know. That seems to me a question which the postal authorities had better settle; it is like any other dispute in business. One party says a thing does not pay, and the other party says it does; they must agree about it; I do not venture to say whether the Government is right or not in asking the 1 *s.* rate for duplicate messages; I have no opinion to give with reference to that.

4267. Do you think that the abolition of the 2 *d.* copy rate would cause the failure of some of those poorer newspapers?—I should hardly think so.

Lord *Robert Montagu.*

4268. I understood you to say that if a newspaper is not self-supporting, it is not independent and should not be allowed to influence public opinion, and therefore that the Government should not supply telegraphic news to such a newspaper at a loss?—I said so.

4269. Do you consider that the publication of a telegram by a newspaper is an influencing of public opinion by that newspaper?—If not intended to influence public opinion I cannot conceive why it should be published.

4270. Then you do consider that the publication of telegrams is an influencing of public opinion?—Clearly.

4271. Then it is the agent who sends the telegram who influences public opinion, and not the newspaper which receives the message?—The agent has not the power of publishing, whereas the newspaper has, and that is what commands the influence.

4272. Do you mean that a newspaper alters a telegram after it receives it?—No; but no transmission of a telegram by itself causes publication. Publication rests not with the news agent who transmits, but with the newspaper which publishes.

4273. The agent who frames the telegram is the one who turns public opinion this way or that; it merely rests with the papers whether they like to publish it or not; is not that so?—I think not; an editor of a newspaper is responsible for its contents, not the original sender.

4274. The matter of the telegram is chosen and framed entirely by the agent, is it not so?—Not necessarily.

4275. Do you mean the telegram is altered after the agent has sent it?—It may or maynot be.

4276. It may be altered?—I can see no reason why it should not.

4277. The editor of the newspaper states that certain

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Lord *Robert Montagu*—continued.

certain news comes from Paris or Bristol, or where not?—The editor, who states that a communication comes from his correspondent, to a certain extent, gives an assurance to the public that he has so received it, and as a matter of fact in practice, the custom of a newspaper is to employ a man and to trust him, and therefore the custom in the editor's room would be to put implicit trust and confidence in its agent.

4278. Then when a newspaper proprietor publishes a telegram as having been received from an agent, you say he trusts that agent, and publishes the telegram without any alteration?—Not necessarily.

4279. Even if they trust the agent, they may alter the telegram?—The editor cannot divest himself of his responsibility. The editor is responsible for what appears, and not the agent. The editor therefore must discharge his duty to the newspaper as best he can.

4280. Then if I understand you rightly, the agent telegraphs his facts to the editor of a newspaper, and the editor of the newspaper influences public opinion not by the publication of facts, but by the publication either of a distortion of those facts, or else of false opinions concerning those facts?—I have not said so. I used the words "not necessarily." I never said that there was any distortion of facts.

4281. I want to arrive at an understanding of your meaning. I want to know whether the telegram from the agent is published as it is received, or whether it is altered in the newspaper office. I am not talking of your newspaper, but generally?—I know nothing of the practice of any other newspaper but "The Times."

4282. Tell me with regard to "The Times," and perhaps we may draw a conclusion from your practice?—Nor do I think that the practice of "The Times" in its editor's room is a fair subject of inquiry by this Committee.

4283. What we are talking of is a newspaper which is not self-supporting, and not independent, and which should therefore not receive telegraphic news from the Government, if the Government sends it at a loss. I want to know, with regard to such a newspaper as that, whether it would publish the news from its correspondent, or whether it would alter the news it receives in its own office?—I know nothing of the practice of such newspapers, and I do not want to.

4284. We may take it as a general opinion from you that such a newspaper ought not to be supported by the Government?—Certainly.

4285. You stated that every paper desired to have its own telegrams and matter different from other newspapers; is that so?—Yes.

4286. Then how is it you complained that they are so anxious to snatch the telegraphic news from "The Times," and republish it?—I do not think that the repetition in a country newspaper of what has happened in the metropolitan papers, would be looked upon by the readers of that newspaper as sameness or repetition.

4287. It comes to this, that they trust to the accuracy of "The Times," and republish their telegrams?—All respectable newspapers that quote anything from "The Times," or any of the other London newspapers, would give the name of that paper, but they would give an extract of that morning as news, and it is news, because it is obtained specially at a certain expense.

Lord *Robert Montagu*—continued.

Mr. *Macdonald.*

26 May 1876.

4288. Do the country papers give it verbatim from the "Times," or do they alter it?—In some cases they would give it literally, and in some cases they would modify it.

4289. Would such a struggling newspaper as we have been speaking of, which is not independent, give the extracts verbally, or would they distort them?—It is impossible for me to say.

4290. If the country papers gave those extracts correctly, they would be influencing public opinion in the same sense as "The Times" influences it, would they not?—It depends entirely upon the number of the readers and the intelligence of them; it is a different matter altogether.

4291. If the matter is the same as in the "Times," the influence on the public opinion is the same as the influence on the public opinion of "The Times," is it not?—I do not think so at all.

4292. Why not?—Because the one is addressed to a large number of intelligent people, whereas the other has a small circulation, probably amongst the almost illiterate classes.

4293. Then it comes to this, that it is not the matter which is published, nor the form in which it is published, that makes the difference, but the number of the readers?—The number and intelligence of the readers.

4294. And it comes to this, that "The Times," being a large, powerful, and rich newspaper, may get its telegrams, but a poor struggling newspaper in the provinces, which is just rising in existence, is to be denied all help from the Government?—I do not think that that is a fair way of putting the question. "The Times" pays for what it gets and what it issues to the public, whereas the struggling newspapers apparently from what is put forward by the Goverment do not.

4295. Therefore it comes to this, that although the public gets news as you publish it, yet as it is published at a small charge, the smaller newspapers ought not to get that assistance?—It seems to me that there is no claim for such assistance from the State under any circumstances.

4296. Can you go back in imagination to the time (I think it is a century ago or more) when "The Times" was a struggling newspaper?—I do not see with what benefit I could go back in imagination to that period, because I am here to answer facts.

4297. What I want to know is whether if you were in that position you would be so eager to stop all transmission of telegrams by the Government at a loss?—I do not feel called upon to consider that question.

4298. Will you tell me whether there is not a rivalry between "The Times" and the provincial newspapers?—So far from that being the case, it is quite the contrary. I believe there is a very generous feeling on the part, not only of "The Times," but of all the metropolitan newspapers, towards their provincial contemporaries. I do not think any feeling of rivalry amongst newspapers, metropolitan and provincial, is entertained.

4299. You do not look upon a struggling provincial newspaper, which is not yet self-supporting, as a potential rival?—Not at all.

4300. You seem to complain that the provincial press seizes news which has been obtained at a great cost by "The Times"?—I do not make a complaint about it.

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Mr. *Macdonald.*

26 May 1876.

Lord *Robert Montagu*—continued.

4301. In what sense did you mention it?—I was asked the question, and stated the fact.

4302. Then you do not object to that?—I am not sure that I do not. On the contrary, I think I do.

4303. Is it a pecuniary loss to "The Times"?—If you have a copyright which exists in news, which has been obtained at great expense, you see that copyright invaded with dissatisfaction.

4304. Is it not a pecuniary loss to "The Times," that the provincial papers should publish the telegraphic news, which you say you have procured at great expenditure?—I cannot say.

4305. You do not know whether it is a pecuniary loss to "The Times," or not?—I do not know.

4306. Therefore it is not upon that ground that you object to it?—No, I object to it upon the ground of an invasion of property.

4307. Would you not rather form public opinion in the same sense as "The Times" forms it, than not?—I would rather that public opinion was framed without resorting to news which any newspaper with which I was connected had paid for at a high rate.

4308. You do not care so much about the turn which public opinion takes, as the organ which is to turn that public opinion; is not that your meaning?—I do not see that at all.

4309. What you mean is this: you do not care about the dissemination of news, or of matter which has been procured by you at great expense; but what you do care for is, that only those newspapers which have a very large circulation, and which are read by persons of considerable intelligence, should spread the news, and not the little struggling provincial press?—I cannot answer such questions at all. You put constructions upon my evidence and language which I think are unjustifiable.

4310. I merely wish to arrive at your meaning, and nothing else?—My meaning has been made clear by the answers I have given.

4311. You said, I think, that no contract should be binding when it was not remunerative; do you apply that remark to Government contracts alone, or to all contracts?—I think unless a term of years has been fixed, or there are other circumstances which clearly make a contract binding in a court of law, an open contract between independent parties is one which commercially ought to be, and is, capable of being determined at any time.

4312. I think you stated that if the contract was not remunerative it ought not to be binding; was not that your expression?—I used the word "remunerative," certainly; if the Post Office found its business remunerative, I assume they would not have raised this question.

4313. Do not you think a contract should be carried out whether it is remunerative or not?—As long as it is a contract, and if it is a contract.

4314. Then what do you mean by saying that no contract should be binding, when it is not remunerative?—I mean no open contract undefined by limit of time.

Chairman.

4315. Do you not simply mean, that you consider Parliament would be quite justified in altering its Act if it desired?—That is the proper way of putting it.

Lord *Robert Montagu.*

4316. Do you consider that the Act was a contract or not, with certain parties?—Certainly not; as long as the Act exists it is a contract, and more than a contract; it is the law.

4317. The Act of Parliament is not, in your opinion, based upon a contract?—Certainly not.

Mr. *Ripley.*

4318. I think you stated that any newspaper, in order to be of value, should be self-reliant and independent?—Yes.

4319. And therefore, that a newspaper in order to be independent, should publish news which was original and not copied, as a general rule; to what extent would you carry that principle?—News is an indefinite term. Copied news may be news; if I have a newspaper in the provinces, and I can get news from a metropolitan paper in good time, that is clearly news for me when I publish it; therefore, the mere fact of news being copied news, does not necessarily deprive it of its character as news.

4320. Is it your opinion that the news which is published in the metropolitan newspapers, becomes public property the moment it is published, and that it is perfectly within the province and right of any local newspaper to make use of it, and that it is better, in point of fact, that it should do so?—I do not think so. It becomes public property in one sense but not in another; publication implies that; but republication of the same news under ordinary conditions, is looked upon as an infringement of the copyright.

4321. Not in a newspaper, surely?—I do not see why newspapers alone should be excluded from copyright.

4322. You say these local newspapers to be of value should contain original news; that they should have news of their own collection by themselves, but if I understand your evidence correctly, one of your objections to the duplication of news is, that it is not profitable to the Post Office, and therefore ought not to be continued?—I do not see why it should not be continued, but it should be continued at rates remunerative to the Post Office.

4323. But that if not profitable, it should be discontinued?—Not that it should be discontinued, but that the rate should be altered.

4324. You have stated that the Post Office authorities are the best judges as to whether the rates at present charged are remunerative or not; I suppose you have not investigated the accounts of the Post Office, but you have taken what they state as correct?—That is so.

4325. But if it is shewn that in the Telegraph Department of the Post Office, large savings might be made so as to make these duplicate messages remunerative, which are not so at present, would you think it desirable that any change should be made in that direction?—I still think that the Post Office are the best judges of whether or not a change ought to be made in their telegraph charges; while they are entrusted with the management of the business, it seems to me the sensible and proper course to trust them to make such alterations as they may find desirable.

4326. You would leave it in their hands?—Yes, to a large extent.

4327. You

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Dr. *Cameron.*

4327. You have repeated that the Post Office people ought to know their own business best; I presume you make that assertion as an individual and not upon the part of "The Times"?—Yes, I make that assertion as an individual, and not on behalf of "The Times."

4328. You are giving evidence on behalf of "The Times," are you not?—Not at all. I have been asked by the Right honourable Chairman of the Committee to give evidence here.

Chairman.

4329. Are you not an old friend of mine?—I am.

4330. And, knowing your large experience, are you not aware that I called upon you to give evidence as a gentleman having large experience in the Press, without reference to whether you were upon "The Times," or any other newspaper?—That is so.

Dr. *Cameron.*

4331. Then I understand that you are not giving evidence for "The Times"?—I am certainly not giving evidence for "The Times."

4332. The impression upon the mind of the Committee I thought was, that you were; now I would ask you a further question upon the matter; this is a copy of "The Times" of September 13th of last year, is it not (*handing a newspaper to the Witness*)?—It is.

4333. It contains an article on the telegraph service; you have said, I think, that the editor is responsible for what appears in the newspaper?—That is the usual theory of newspaper management.

4334. This article winds up with these words?—It is not a legal definition.

4335. We are not asking for a legal definition; I merely wish to get the opinion of "The Times" in contradistinction to yours: "The question then which presents itself is to what extent the nation is prepared to go back to the system of protection which formerly obtained. Probably it might be found on inquiry that some modification of the extra address rates should be introduced, or that certain classes of news, sporting news, for example, should be regarded as a luxury, and charged for at a higher rate. But of this we feel sure, that when the subject comes up for discussion in Parliament, the dissemination of Parliamentary and general intelligence will be viewed as a national service, not to be measured solely by the commercial considerations urged in the report of this Committee." What do you say with regard to that passage?—I should be very sorry to be pinned to everything that has appeared in "The Times."

4336. But this is, according to your own evidence, the opinion of the editor of "The Times," the person responsible for the opinions of "The Times?"—Yes.

4337. Whereas you speak simply as an individual, without the authority of "The Times" at your back at all?—I speak simply as an individual.

4338. You assume that the Post Office make a great loss on press telegrams, do you not?—I have been given to understand that that is their view of the matter.

4339. But you know nothing of the matter personally?—That is so.

4340. Therefore the evidence you give upon

Dr. *Cameron*—continued.

that point is simply a matter of understanding?—That is so.

4341. This article mentions that the number of words of news transmitted for the press by the Post Office is 220,000,000 words per annum; would you believe a statement made by such an authority?—I think it is likely to be the fact.

4342. The same article states that the number of messages sent by the public is 20,000,000 per annum, do you believe that?—I would accept all facts stated on authority by the officials of the Post Office, with respect to their own business.

4343. This is "The Times?"—"The Times" merely quotes the authority of the Post Office.

4344. "The Times" further states that the average cost of each of those messages is 1 *s.* 2 *d.*; do you accept that too?—In the first place I have not seen that article recently, and even if I saw it I do not think that it is a fair subject of examination here. It seems to me that it is travelling away entirely from the objects of the Committee; it is a matter on which I cannot in the least answer your questions.

The Committee-room was cleared, and after a short time the witness was re-admitted.

4345. I suppose you are aware that when the Post Office took over the telegraphs the public generally got a very considerable advantage?—Yes.

4346. Have you any idea of the extent to which that advantage went?—No, not at all.

4347. Will you read "The Times" opinion upon the subject; "The Times" says, "the average cost of a telegram six years ago was 2 *s.* 2 *d.*, it is now 1 *s.* 2 *d.*"; do you accept those as the words of "The Times"?—I accept those as the words.

4348. And are you aware that it has been brought out in evidence that the cost of press telegrams, even when duplicated, is quite as great as it was?—I am not aware of that; I have not seen the evidence.

4349. Is that contrary to your opinion?—I have no opinion upon the subject.

4350. Do you know anything about it?—I know nothing about the actual facts, except that the Post Office make a certain statement.

4351. You are not aware whether that statement has been borne out by evidence, or not?—I am not aware.

4352. Therefore, all that you have said about subventions, and degrading influences upon the press are simply bricks without straw, are they not?—Not necessarily.

4353. They are theories?—Not necessarily, if the facts as stated by the Post Office are correct, they are facts too.

4354. But if the facts, as stated by the Post Office are wrong, your conclusions are erroneous?—They are still true in principle.

4355. But you said the rate was not remunerative; would you wish to revise that answer?—I am not aware whether the rate is remunerative or not; I have no means of knowing.

4356. You have said a good deal about the originalty of newspapers, what has the Post Office to do with the originality of newspapers?—I never said the Post Office had anything to do with the originality of newspapers.

4357. Therefore, what you said on that sub-

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Mr. *Macdonald.*

26 May 1876.

Dr. *Cameron*—continued

ject has nothing to do with the question of newspaper telegrams?— I think it has to do with newspaper telegrams.

4358. What has it to do with newspaper telegrams?—I think if you have in London an organization for spreading broadcast over the country a mass of matter classified in two or three different ways, one for one class of newspapers, another for another, and another for a third, you have an effectual machinery for imparting to the press over the breadth of the country a monotonous and uniform character.

4359. You are not aware of any similar agency which has a similar effect on the London newspapers, are you?—Yes, I am.

4360. Will you name that agency?—Reuter's, but that is an agency against which all London newspapers are as far as they possibly can, struggling.

4361. They struggle in vain, do they not?—No, I do not think so.

4362. Do they not all get Reuter's telegrams?—They get them.

4363. Do they not pay 1,200 *l.* a year for them?—I do not know what they pay.

4364. They pay very heavily for Reuter's news, do they not?—I do not know that they pay heavily for Reuter's news, considering the service Reuter has hitherto rendered.

4365. That is precisely the same in principle as the news sent by the telegraph agencies in this country, is it not?—Not so; the news which Reuter sends is only a small portion of the news which fills a London newspaper; a very large proportion of the news which fills a London newspaper is quite apart from Reuter's news.

4366. In the first place, what do you mean by "originality;" do you mean original writing?—Not necessarily. I think that if I get a telegram from a distance, and pay for it largely, from our own correspondent, or a person employed for that purpose, that is original matter; that is to say, we have made our own arrangement for obtaining it.

4367. Supposing you get a telegram of a speech of some statesman, delivered in some distant part of the kingdom, I suppose you consider that original matter?—If we have sent down our own reporter, and taken our own means to supply ourselves with such a report as suits us, in fulness or in shortness, as the case may be, that I look upon as original matter.

4368. Supposing it suited you to publish an abridged report of that statesman's speech, and supposing it suited the Press Association to send to the same place, and to send a verbatim report to a hundred different newspapers throughout the country, which report would you think the most valuable; your original one, or the verbatim one?—That is a question.

4369. That is to say, originality has nothing to do with the value of the matter?—I think the originality has to do with the matter; and I point, as a proof of that fact to this, that all the large papers in the provinces have been steadily, for some years past, increasing the quantity of their special telegrams, and multiplying their private wires, showing that each newspaper attaches very great importance to its own organisation for collecting its own news.

Mr. *John Holms.*

4370. You refer to newspapers generally throughout the kingdom?—Certainly.

Dr. *Cameron.*

4371. What more has cheap telegraphy to do with the originality of newspapers than cheap postage has to do with it?—Telegraphy puts news somewhat in the position of a "slop" article; it makes a "slop" of news, whereas all newspapers which are particular in what they present to the public want to have the thing specially made for the purpose, and adapted to their readers.

4372. You mentioned a few minutes ago, that "The Times" was sometimes cheated by its correspondents, charging 1 *s.* where they may have only paid 2 *d.*?—I do not attach much importance to that, but I mentioned it.

4373. Does not that show that "The Times" got a slop article in that case?—We are exposed to that.

4374. I wished to point out that anything of that sort could not occur under any of the large telegraph agencies could it?—No; I do not think it could.

4375. Is it not the fact, that their whole business is conducted by accounts through the Post Office?—Yes.

4376. And therefore that it is utterly impossible that the same thing could occur in that case?—It is.

4377. Therefore is it correct that the Post Office puts the telegraph agencies and those correspondents upon the same footing?—I think that practically, as far as the rates are concerned, they are upon the same footing; I do not know whether the detail of the treatment is the same, but as I understand, this Committee is dealing with the question of rates, and I deal with it from the same point of view, as far as I can, in giving my evidence.

4378. Are you not aware that there is a large difference in the rates; are you not aware that those correspondents you have referred to have no advantage of what is called the continuous counting system?—I have heard it so stated, but I am not personally aware of it.

4379. You stated that the provincial press was mainly the creation of the postal telegraph, did you not?—No.

4380. What did you say?—What I said was, that the provincial press had very largely developed since the postal telegraph system had come into operation, and that its power had largely increased.

4381. You have spoken, I think, about the demoralising effect of cheap telegraph rates upon the press?—No, I beg your pardon, I did not.

2382. Have you had any experience of the effect of high telegraph rates?—I have.

4383. To what portions of the press do you refer?—I have only the experience of one newspaper.

4384. When you see a very long telegram from India in a newspaper, other than "The Times," and when you see it entering into details with reference to the flashing of the waves, and the waving of elephants' trunks, and that sort of thing, do you believe that that has been telegraphed verbatim, or that it has been padded?—I decline to answer the question.

4385. Have you observed any criticisms in "The Times," copied probably from the "Pall Mall Gazette," upon that point?—I would rather not answer

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Dr. *Cameron*—continued.

answer that question; it seems to me to be foreign to the subject upon which I came here to give evidence.

4386. You spoke about a message being sent to two addresses; going to Birmingham, for example, where they would pay 1 *s.*, and going to Penzance where they would pay 2 *d.*?—Yes.

4387. Do you suppose in such a case that the Birmingham newspaper pays 1 *s.*, and the Penzance newspaper pays 2 *d.*?—I have always understood so; I really do not know as a matter of fact.

4388. As a matter of fact, you would probably be astonished to learn that both pay 7 *d.*, or the half of 1 *s.* 2 *d.*?—I think that is not so.

Chairman.

4389. That is to say, that if an agent supplied both he would divide the cost between them?—If he is honest.

Dr. *Cameron.*

4390. But if he is dishonest?—If he is dishonest we have no check upon him; the Post Office refuse to say whether a message is duplicate or not.

4391. If the agent is dishonest, will he charge the second paper only 2 *d.*?—I do not know what he may charge; in all probability he may charge them all round the full rate; it arms him with the power of doing so at his pleasure.

Mr. *Goldsmid.*

4392. Have you read the Telegraph Act at all?—No doubt I did at the time it was passed.

4393. Have you looked at the Preamble?—I have a recollection that the Preamble contained a general statement of the grounds upon which the measure was passed.

4394. These are the words:—"Whereas it would be attended with great advantage to the State, as well as to merchants and traders, and to the public generally, if a cheaper, more widely extended, and more expeditious system of telegraphy were established in the United Kingdom of Great Britain and Ireland, and to that end it is expedient that Her Majesty's Postmaster General be empowered to work telegraphs in connection with the administration of the Post Office;" therefore, if proposals are made which go against the principle of that statement, do not you think the public would have reason to feel disappointed?—I think that any alterations which the Post Office contemplate are well within the limits.

4395. I do not say anything about the alterations which they contemplate, but if arrangements were made in the reverse direction of giving greater facilities, do not you think that the public would have reason to feel disappointed?—The "greater facilities" refer to a state of things existing anterior to that Act. I consider that the facilities which practically have been afforded have been very great, not only to the general public but to the newspapers, and that the terms of the introduction of that Act have been fully justified, and would remain justified, notwithstanding effect being given to any alterations now proposed by the Post Office.

4396. I will then put it to you in this way: have you read all the alterations proposed by the Post Office?—I should say alterations affecting

Mr. *Goldsmid*—continued.

the press, because, as regards the public, I understand that my evidence is not asked.

4397. It is a very simple question; have you read the alterations proposed by the Post Office?—I have stated already in evidence that I understand the alteratious to be so and so.

4398. I may take it that you have not read the report of the Postmaster General yourself?—I have not read the report of the Postmaster General.

4399. Therefore, in consequence of that you are not thoroughly well acquainted with what the alterations proposed are?—I think I know the nature of the proposals as far as they affect the press.

4400. I will put this supposition to you: supposing that the rate which it is proposed to charge is higher than the rate which the old companies charged to the press, do you think that under those circumstances, having regard to the preamble which I have just read you, that it would be a fair rate?—You cannot split up a whole subject like this, and deal with it from a separate point of view.

4401. But could not you just answer me that question: supposing the rate proposed to be charged were higher than the rate which was charged by the old companies, do you think, having regard to the preamble, that would be a fair rate?—If the rate which was charged by the old companies was inadequate, I still consider that the Government would be entitled to ask for an adequate rate; it all depends upon the question whether the present system pays or not.

4402. Are you aware that it has been stated by the Postmaster General that the public ought not to look only to the question of whether the department is paying or not, but to the public facilities which are afforded?—I am not aware of that.

4403. If that statement has been made, as it has been made, do not you consider that it would not be reasonable to charge a higher rate than was charged by the old companies?—Under any circumstances I consider that no more unfortunate thing could happen to the press of this country than the least suspicion of its being dependent upon the State for anything in the form of subvention.

4404. That you told the Committee before, but I ask you again, do not you think if the Postmaster General has stated that the public should look not only to the Post Office Telegraphs as being a paying department, but also to the facilities afforded to the public generally, that it would not be reasonable to charge higher rates than were charged when the Government purchased the telegraphs?—I consider that the public have the right to expect, as a matter of administration, that somehow or other the Post Office shall make the department remunerative without increasing the rates to the public at large.

4405. That is exactly the point I was coming to, therefore you think it would be very much better that you should by economy of administration make the thing pay rather than by making an increased charge?—Quite so.

4406. Now, you have stated that the news which "The Times" collects at very great cost, as we know, from the Continent, and with admirable accuracy, is generally seized upon at once by the news agencies, and sent to the news-

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Mr. *Macdonald.*

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Mr. *Goldsmid*—continued.

papers in the country; do you not think that is rather an advantage to the public?—The advantage to the public I do not dispute; I do not even question the advantage to "The Times," but the right is what I question.

4407. Is there copyright in news?—I think there is. There was a case tried in the Colony of Victoria, a short time ago, which attracted some attention amongst newspaper proprietors, which raised this very point.

4408. Would that come under the English law?—I think so; the decision was supposed to be according to English law, and it was held that there was a copyright in telegrams paid for at a large expense, which would enable and justify the "Melbourne Argus" to prevent other papers from using those telegrams within a reasonable time.

4409. Probably you are not aware that that is merely a Victorian statute, which is not to be found in the English Statute Book at all?—I am not aware of that.

4410. There must be a limit to copyright in news; how long would the copyright, according to your idea, last, and in what way would it be proved; would it be sufficient if a person who borrowed your news were to quote from "The Times," or the "Saturday Review"?—I really cannot give you any definite answer upon the subject. I do not suppose that any newspaper would be so unreasonable as to ask for a copyright of more than 24 hours at the outside; I mean as to certain matter.

4411. Does not "The Times," for example, copy that most interesting column which appears in the "Illustrated London News" with regard to the amount of money which deceased persons have left?—It does.

4412. Consequently, I suppose, it does not hold that the "Illustrated News" has any copyright, because we are quite sure that otherwise "The Times," with the high character which it has always maintained, would not think of copying?—No.

4413. Does "The Times" always put "from the 'Illustrated London News'"?—Not always.

4414. Does not that, therefore, go against your own theory, with regard to copyright?—But there is always more than 24 hours' interval; the life of a newspaper is one day.

4415. Do you know on what day the "Illustrated London News" is published?—The "Illustrated London News" is not issued to the public until Friday, but it is in course of production on Thursday evening.

4416. Does not "The Times" put that news in their columns on the Friday morning; I know as a fact it does?—I think if it does, it does so because the "Illustrated London News" supplies the information.

4417. Therefore, undoubtedly, "The Times" does publish the information from another newspaper within 24 hours?—Yes, when asked to do so.

4418. Is it asked, by the "Illustrated News," to do so?—I do not know exactly what the facts are.

4419. I would ask you whether the publication, by a small country newspaper, of news, which has been telegraphed from the Continent to "The Times" by its own correspondent, would interfere in any way with "The Times"?—I do not think so.

Mr. *Goldsmid*—continued.

4420. "The Times" would rather take it as a compliment if country news agents did publish the news, which had appeared in "The Times" to-day, on the following morning?—I think the thing is to be looked upon from a public point of view, when you find a large organisation for news, with low rates, sending systematically all over the country news which has been obtained at large expense, and circulating it amongst newspapers which are gradually acquiring, and justly acquiring, great hold and influence over the country.

4421. But I understand you to state that that does not affect the sale of "The Times"?—I do not think it does.

4422. Therefore, "The Times" ought to be rather glad of it than otherwise?—I do not admit that, because "The Times" is not always quoted as the authority for the news; I am speaking of newspapers generally.

4423. You stated that the provincial press had been mainly the creation of the postal telegraph; did you really mean that?—I did not mean to say that, although I may have used the words; if I used such an expression, it did not convey my meaning. What I meant was, that the provincial press, previously to the transference of the telegraphs to the Post Office, was comparatively a feeble press, with few newspapers of great power and influence within it.

4424. Was that so?—It was so previously.

4425. I would ask you, what newspaper of influence or power exists now in the provinces which did not exist before the transfer of the telegraphs to the Post Office?—The number has largely increased, and newspapers, which were of influence before, have now grown to be very great newspapers.

4426. Can you give me the name of any newspaper of influence now circulating in the country which did not exist before that transfer?—I think there are certain newspapers now, which are forming, which did not exist before, but that is only a short time ago, and a newspaper is like a tree, it takes a long time to grow.

4427. Is it not the fact that the great development of the country press has been since the abolition of the paper duty?—I have no doubt that that has had a great deal to do with it; but I consider that it has not had so much to do with it as the introduction of the telegraph; practically the provincial newspapers have become as competent to deal with metropolitan news for all purposes as the metropolitan newspapers themselves.

4428. Is it not the fact that the greatest development of provincial papers has been since the stamp upon newspapers has been abolished?—I would not say that. I think all these measures have exercised some considerable influence upon them.

4429. I understood you to state that you did not know much about the provincial press?—Not much.

4430. Therefore your opinion must be taken *cum grano* in that respect?—Yes.

4431. Supposing additional charges were made for copies of press news as has been proposed by the Post Office that would not affect "The Times" at all, would it?—Not in the least.

4432. Therefore as far as that is concerned, "The Times" would be perfectly disinterested because it would not be affected?—With this exception, that it is of course a very uncomfortable

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Mr. *Goldsmid*—continued.

able feeling to know that a public department arranges its rates in such a way as to give persons with whom you deal an opportunity of dealing unfairly by you if they choose to be dishonest.

4433. But does not that affect all the ordinary affairs of life?—I do not think so.

4434. I will put it to you in this way: if the rates are increased would it not, in one sense of course, be a disadvantage to the country press, because it would make it more difficult for the small country newspapers to live?—Anything becomes difficult when the state of vitality is low.

4435. Therefore, so far as "The Times" is concerned, being as I suppose we may admit a rich and powerful paper, any small additional charge does not affect its position in any way?—Not the least.

4436. Has not "The Times" found that it answers its purpose best to have special agencies nearly everywhere, in order to anticipate other newspapers in publishing news?—To serve itself, but not for the purpose of anticipation, to get whatever happens as fresh as possible.

4437. And is it not owing to that that "The Times" justly commands so large a circulation, because it always gets the freshest news?—That is one great source of the influence of the newspaper, I consider, but only one.

4438. But as far as news is concerned?—That is so.

4439. Is not that novelty of the news, if I may call it so, exhausted within an hour perhaps of the publication of the paper; that is to say, would not other newspapers be able to get the information from other sources within about that time?—I would put it in this way, not necessarily.

4440. I do not mean necessarily, but as a matter of ordinary averaging?—The fact of other papers getting the news does not much matter in many respects provided you get it first; but other newspapers getting your news at points like the great commercial towns of England almost as soon as yourselves, and there being an interval of railway which has to be traversed, this state of things arises, that you may produce the news and it will be copied and made available to the public over a large area of England before you can reach that area.

4441. Then what I understand you to mean is this, that if the news is copied within a certain time, owing to the telegraph, your sale may be anticipated in the country by the country newspapers being able to sell your telegraphic news?—That is so; they come down and meet the newspaper on its way to the provinces with its own news.

4442. Would that be owing to the telegraphic agencies sending out the news from London, or would it not rather be owing to the newspaper being carried down by railway?—No, the provincial newspapers receive our news, we will say, by the wire, and publish that news as soon as possible in the morning.

4443. Do you mean your morning news or your afternoon news?—Our morning news.

4444. Is it not the fact that your papers for the country are sent out before the London papers are sent out?—All the London newspapers are published now so as to be in time for the early trains, and the early trains practically leave at a quarter past 5 o'clock; but notwithstanding that the news which those newspapers contain is sent by telegraph, and can be reproduced at Manchester, Liverpool, Leeds, and all the large towns, and sent out, and by the use of trains come down and anticipate our sale with our own news.

Mr. *Goldsmid*—continued.

Mr. *Macdonald.*

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4445. Consequently, therefore, you think that the telegraph does interfere with the circulation of "The Times"?—Certainly.

4446. Therefore in a purely selfish point of view in that respect you think it would be objectionable to the business of "The Times"?—Not only as regards "The Times" but as regards all the London newspapers; it was so objectionable that when the trains left at a quarter-past six, we had great difficulty in getting the railway companies to start earlier trains, and we had to begin an experiment of special trains from Euston-square, in order to drive all the rest of the companies into the same arrangement, and we spent about 1,000 *l.* over it, of which all the other newspapers got the benefit.

4447. That experiment was successful, was it not?—It was.

4448. And has repaid "The Times," I have no doubt, many fold?—The less we say about that the better.

4449. Do you really think that the dissemination of news does interfere with the sale of "The Times;" does not "The Times" by its own intrinsic virtue command a public which that telegraphic communication does not affect at all?—I hope so.

4450. Therefore, as far as "The Times" is concerned, I do not think the position of "The Times" would be much altered by the existence or non-existence of news agencies?—Nobody likes their rights of property invaded.

Chairman.

4451. I understood from your evidence in chief that you did not object to a moderate charge for duplicates, on two conditions: First, provided that the charge was remunerative to the Post Office; and secondly, that there was some sign upon the duplicate to show that it was a duplicate?—Clearly so.

4452. And you thought, also, that special telegrams were growing considerably?—Yes.

4453. It has been stated in evidence that the money obtained for special telegrams in 1871 amounted to 8,200 *l.*, and the amount obtained in 1875 amounted to 18,200 *l.* Now as the total amount paid by news associations is only 32,000 *l.*, it is obvious, is it not, that the special telegraph system is growing very rapidly?—I think so.

4454. And you consider that it would conduce to freshness and originality if it grew still more rapidly?—I think so.

4455. You therefore consider that it is the duty of the Post Office so to manage its business as not to hinder the growth of these special telegrams?—Quite so.

4456. You have been asked whether you think it is not a breach of contract to alter the Act. Is it not a thing which Parliament constantly does with regard to the supply of gas and water to towns to alter the rates?—No doubt.

Mr. *Cavendish Bentinck.*

4457. I understood you to state, as no doubt the fact is, that if a report is desired to be transmitted at night on account of a speech being made

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Mr. *Macdonald.*

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Mr. *Cavendish Bentinck*—continued.

made by a distinguished individual, "The Times" and the other newspapers instruct an agent on the spot to supply copies?—Yes, or we may send down somebody specially.

4458. But I am referring to the question of agency. You send an agent down to Glasgow, or anywhere where a distinguished individual is going to deliver a speech, and you desire the agent to send as many words as you think proper to "The Times." Now what guarantee is there that you will not be called upon to pay the shilling, and that others will have to pay twopence?—None, and that is exactly what I complain of.

4459. Therefore, supposing the agent is not over scrupulous, he may charge all the other newspapers a shilling, and he may put the deficiency between the twopence and the shilling into his pocket?—Yes.

4460. Do you think that is done?—To some extent.

4461. Therefore, I suppose, that you would not object, as being connected with a journal of great importance, to a system being inaugurated which would get rid of the possibility of such a system?—Certainly not.

Mr. *Goldsmid.*

4462. But you do not imagine that any of the great news associations would do such a thing as that?—No; and I believe that it is not a frequent thing among our country correspondents who are a most respectable class upon the whole.

4463. Is it not the fact that the London afternoon newspapers; the "Pall Mall Gazette" and the "Echo," for example, copy your news within half an hour of its publication?—I am afraid so.

4464. That is not by the means of any association, it is simply by the purchase of a copy, I suppose?—Yes.

4465. In what way could you stop that?—They do not interfere with our sales in the slightest degree.

4466. Does not such a practice interfere with the sale of the second edition?—It may, to some extent, interfere with the sale of the second edition.

Mr. *Beckett Denison.*

4467. What is the earliest hour at which "The Times" is ordinarily delivered to anybody in London?—That would depend upon the arrangements made.

4468. Is it not the case that the country agents of the country newspapers get hold of "The Times" about six in the morning, and telegraph a summary of the most important news to all the morning country newspapers as far as Yorkshire?—That is so.

4469. Have you done anything to stop that?

Mr. *Beckett Denison*—continued.

—No; there is a sort of honourable understanding upon the part of news agents, when they get their supplies, that those supplies shall go to their customers in the country. The wholesale news agents in London get supplies from us entirely upon that understanding. It is understood by them that they do not part with single copies for purposes of this kind.

4470. And that understanding is honourably kept, is it not?—Pretty fairly.

4471. But the fact is that summaries of the news in the London morning newspapers are published in the country newspapers long before "The Times" gets there?—Yes.

Mr. *Allsopp.*

4472. Did not the facilities afforded by the Post Office telegraph to the provincial press induce "The Times" and other newspapers to obtain early newspaper trains?—It was one of the main reasons for our exerting ourselves to get an early delivery in the country.

Dr. *Cameron.*

4473. You mentioned the duplicate system, which you stated might encourage dishonesty; cannot any newspaper guard against being cheated by using passes?—I have only quite recently ascertained that they can.

4474. They can?—They can, but upon the other hand that is subject to a qualification; it would be highly undesirable that passes should be given over the whole area over which you want to collect news, or that passes should be given indiscriminately; men use those passes as a sort of acknowledgment of a correspondentship, an engagement which does not exist, and when they leave a place their relationship with a newspaper like "The Times" becomes a property which they dispose of, and which they are enabled to dispose of by being able to show that they hold our passes; therefore, our passes are necessarily limited to a small number of men whom we know thoroughly and can trust.

4475. You are not aware that a great number of newspapers use those passes universally?—That is so.

4476. And that it is impossible to cheat them in such a way as you have described?—Yes.

4477. Is it not the fact that a great number of correspondents offer to supply a given report to any newspaper which chooses to take it upon certain terms, taking the risk of the number of reports that may be accepted at a lump sum without any intention of cheating at all?—That is so; there is plenty of enterprise in the profession.

4478. In that case it is not taking advantage of the existing rates, but working for a lump sum based upon those rates?—That is so.

Colonel Daniel George Robinson, called in; and Examined.

Colonel *Robinson.*

Chairman.

4479. You are Director of the Indian Telegraphs, are you not?—I am.

4480. When did you become so?—In July 1865.

4481. In the Report of a Committee which sat upon Indian Telegraph Communications in 1866, there is a Report by you upon the organisation of Indian Telegraphs for the future?—There is.

Chairman—continued.

4482. I want to ascertain whether you did not make some representations for the re-organisation of the Indian telegraphs upon such principles as these; first, that you thought that simplification might be arrived at by reducing the channels of communication to a minimum?—That is so.

4483. What did you mean by that?—Discarding a wheel in the chain whereby we did away with

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Chairman—continued.

with a class of men called directors. Formerly there was a director of each Presidency, who was responsible for the working of the telegraphs in his Presidency; now direction is centralised at Calcutta, the staff there being strengthened.

4484. Did you not also recommend that the superintendents should correspond direct with the Director General?—Yes.

4485. Are you aware that in this country there has been a very complicated system of correspondence, so much so that the reports went often in triplicate before they reached the Engineer in Chief of the Post Office?—Yes.

4486. Have you found much advantage from that direct system of management, and that simplification of reporting and accounts?—My experience is, that superintendents now devote almost all their time to the actual working of the telegraphs; their correspondence with headquarters is limited to simple reports or applications for sanction to grants of money, or to do something beyond their powers. We know, from the results, how the lines are working, and we depend very much on personal inspection for a knowledge of how descipline and the interior economy is maintained.

4487. You find, do you not, a great improvement in efficiency, and a large economy arising from lessening the amount of paper work, and red tapeism by their at once coming into communication with you?—Yes.

4488. How did you divide your accounts under the new system of telegrams?—The assistant superintendents and the sub-divisional officers, the subalterns, as they may be called, are responsible for and account for all expenditure upon their sub-divisions.

4489. To what extent did you allow them to be responsible to you?—The superintendent grants them the small sums required for maintenance on their requisitions, but the sanction of the Government to an estimate framed by the superintendent, and previously passed by my office, has to be obtained before a new line involving any considerable expense can be constructed.

4490. Would you allow a superintendent to incur an expenditure of 10*l.* for labour without applying to you for authority?—Yes, provided he does not exceed the sum assigned to his division for unforeseen expenditure and maintenance in the annual budget. The expenditure by superintendents of both money and stores is entirely controlled by sanctioned estimates. For salaries, establishments, travelling charges, &c., by the Budget Estimate of the Division; and for repairs by maintenance estimates sanctioned for each year. By the new system introduced last year, each sub-division submits a maintenance estimate for stores and cash to the superintendent, who compiles the estimates of all his sub-divisions into one, which he submits to the departments for sanction. The maintenance estimate is then sanctioned for the whole division, and the superintendent has the power of allotting as much, both of cash and stores, to each sub-division as may be required to meet their necessities. In the divisional estimates, a lump sum is provided, generally at so much a mile, for unforeseen alterations and repairs, against which sum the superintendent can sanction requisitions for works not exceeding in cost 250 rupees. The superintendent has also the power in exceptional cases, such as repairs necessitated by floods or cyclones, of authorising

Chairman—continued.

an immediate expenditure up to 1,000 rupees, for which sanction is duly obtained subsequently. The maintenance of wires rented to railway companies is included in the divisional estimates.

4491. And how much more?—100*l.* in case of need.

4492. Would you be surprised to find that no amount was allowed to be expended by a Post Office official, without a complicated system of reporting, and authority if the sum exceeded 10*l.*?—Yes.

4493. And would you consider that a very unnecessary amount of complication and labour?—Yes, I should.

4494. Did you not divide your accounts into two divisions, called the personal and material account?—Yes.

4495. Will you explain what that means?—Personal accounts are such as salary, bills, travelling, and other petty expenses of a personal nature. Material would be the purchase of line stores in moderate quantities, such as they could buy upon the spot; and labour, anything upon which there could be no profit made by the individual.

4496. Have you different auditors for those classes of accounts?—No, they are audited by the same auditor; the auditor of accounts is independent of the department; he is a controller. I may mention, with regard to the simplification of the accounts, that an assistant superintendent was required to submit a simple record of expenditure, *e.g.*, that on a certain date he had paid so much for the repair of a wheelbarrow; the central office (compiler's office) made up the finished accounts from these diaries.

4497. Did you reduce the returns to a few in number, and make them as simple as possible?—As far as possible, I did.

4498. I see also that you have strongly recommended that there should be special rewards for good conduct and official rewards also for showing good knowledge of electricity and for passing in foreign languages amongst the signallers?—Yes.

4499. Have you found that beneficial?—Many of our signallers have very fair technical knowledge of their instruments and batteries. Telegraph masters who are the head signallers or non-commissioned officers set up the batteries and keeps them in order without other assistance than that of the menials of the establishments.

4500. Your signallers manage their own instruments?—Practically they manage their own instruments.

4501. And they do not depend upon the official engineer or the linesman to come in and repair their instruments?—They adjust and generally executed such slight repairs as can be done on the spot.

4502. Have you found this system work well?—Yes; with the enormous distances between stations in India, it would be a waste to keep a man to travel from station to station to put the instruments in order.

4503. How have you obtained sufficient education and intelligence amongst your men to enable them to do this?—When I came home on sick leave in 1866, after initiating this organisation, I submitted to the Secretary of State a scheme for reinforcing the superior staff, which received the hearty approval of the Secretary of State. In lieu of competitive examinations, which had failed, the following was substituted: The

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Chairman—continued.

Secretary of State from time to time presents nominations, somewhat more numerous than the vacancies, to the sons of those who have claims upon the State, generally to the sons of officers in the Indian civil or military service, to be competed for. An elementary knowledge of mathematics is indispensable, but any other knowledge, physics, languages, or drawing may be taken up. It is in fact a limited competitive examination for brains, of young men between the ages of 18 and 22. Indian officials are so separated from home that they have but limited opportunities of providing for their children. It was also a great object to raise the tone of the Department Service, which was unpopular; all this was obtained by giving nominations to young gentlemen connected with the civil and military services; these appointments are given to the Royal Naval School.

4504. Those were to be the officers?—Those were to be the officers, the superior branch of the establishment. After they had passed their examination they received 100 *l.* to pay for their fees for a technical education, entering into a guarantee that they would refund the money if they failed to pass a technical examination at the end of the year.

4505. Where did they go to?—Some of them went down to Southampton to Mr. Preece and Doctor Bond, some were at London University College. They were allowed to go where they liked, but as a rule they congregated together. At the end of the year they passed a technical examination in chemistry, electricity, magnetism, and construction of the lines, and those who failed to pass had to refund the 100 *l.* There are only one or two who have not passed. They were then sent out to India, where 90 passed through a course of practical education in my storeyard in splicing the cables, the construction of cables and the joining of the wires, linesmen's work, and signalling, and other practical knowledge.

4506. With regard to your signallers, how did they obtain the intelligence and knowledge that was necessary to enable them to take complete charge of their instruments?—I took out two travelling electricians from England, on a covenant of two years only, who travelled from office to office, and taught them; the assistant superintendents also used to teach, and the telegraph masters had reading classes. There were some handsome prizes: a gold watch for the best mathematician, and the best marks in physical knowledge a silver watch, and several other prizes, purchased out of the fine fund.

4507. Did you find great advantage from teaching them the elements of science, so that they became intelligent clerks instead of mere machines?—I have found a wonderful improvement. I have here a Table which shows how time intervals have been introduced since this system has been working (*handing the same to the Committee, and explaining it*).

4508. Generally the efficiency has been largely improved since you produced a higher level of education?—Yes, and the men have been able to take charge of larger divisions. Whereas we used to have an assistant superintendent at every 250 to 300 miles, now their divisions are 500 or 600 miles.

4509. From your experience in telegraphy, are you of opinion that it might be very advantageous

Chairman—continued.

in this country if similar means were taken to promote the education and intelligence of the clerks in our telegraph offices?—I should say so, certainly; but in this country your stations are close, and you can afford to have a manufacturing division of labour, giving each man one duty only, but I think that the man who performs the duty ought to understand what he is about.

4510. You think that if he is an intelligent man, instead of a mere mechanical instrument, you will get more work out of him?—I think so; he will take more interest in his work.

4511. How do you work your office of check?—The check office checks the charges on telegrams, settles the accounts with other administrations, external and internal, the railways, submarine cables, and foreign countries, answers all complaints, and traces the errors in messages. Formerly it compared all original with the delivered messages, a very expensive process now, I imagine; not more than one in ten are so examined.

4512. Your store department is also a factory department as well as a store, is it not?—Yes, it is.

4513. And you use that factory department as a sort of apprenticeship for your superintendents?—Yes, for a month or two months, but there are always assistant superintendents attached to us, and I move my superintendents about sometimes to the line, sometimes to the office, sometimes to the storeyard, so as to give every man as far as possible a thorough knowledge of all his work in all its details.

4514. Have you a general electrical superintendent over the telegraph system?—Not exactly; he has nothing to do with the superintendents; he only examines and reports to me; he is not allowed to interfere with the superintendents.

4515. He reports to you the state of the instruments in every division, does he not?—Every office keeps a record of tests of the electro-motor force of the batteries, the resistance of the wires and instruments, and also of testing for faults; those tests are generally made by the telegraph master, and that report is sent to me by the superintendent, and by me to the electrical superintendent for analysis and information.

4516. If you obtain your superintendents by examination direct from England, how do you give a career to the signallers to rise in the service?—If there should be a signaller who really showed himself a very superior man, we should make an exception in his favour, and promote him to the higher grades, but as a rule they do not expect to rise beyond the rank of inspector.

4517. But with regard to promotion to the rank of inspector, do you make that promotion dependent upon their acquiring a knowledge of the electric telegraph?—No, there are very few signallers who care to become inspectors; inspectors are purely linemen; they have little or no knowledge of the instruments; they are simply constructors and artificers.

4518. You keeping your linesmen and constructors as a separate branch of your work?—The linesmen are under the superintendents. A construction party for a specific work would be made up of assistant superintendents acquainted with all the duties, told off for this service.

4519. Which do you consider the highest kind of service; that of the men who are engaged in maintaining

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Chairman—continued.

maintaining and constructing the line, or of the men who are in charge of the instruments inside the offices?—It depends so much upon the office. If it were a very large office, the telegraph master of that office would be very highly remunerated, far higher than he would be in England; his salary would probably be from 300 *l.* to 350 *l.* a year, and his quarters.

4520. And what would the men under him get?—They would probably get up to 100 *l.* or 120 *l.* a year, commencing at 40 *l.*

4521. Do I correctly gather from you, that your signallers have a higher position than those who construct your lines?—No, they do not clash in any way.

4522. How much would an inspector obtain?—A European inspector would obtain about 100 *l.* a year, but we have very few inspectors. A native inspector would get about 30 *l.* or 40 *l.*; we have very few of them, and we are doing away with them.

4523. You think the superintendents would be sufficient?—The inspectors would be under the superintendents. We do not want many inspectors, but when there is a heavy construction going on, we take them on temporarily. A superintendent looks after the linesmen, and is responsible for everything in his division.

4524. Do you employ many soldiers upon your system?—We encourage soldiers to learn as much as possible; I have a list of the soldiers who were employed last year; there were 42 in all; and besides those there are between 25 and 30 who are qualified, but they have not yet found employment. In India, during the hot weather, the climate is such that the men cannot go much out of doors, and it is a very great object to find them some kind of occupation; they take very kindly to signalling; they acquire the same knowledge of all the instruments as the signallers do, and keep them in remarkably good order. Wherever there is what I call a regular telegraph office, and a European regiment, a certain number come down every day for their tour of duty. They come in uniform as soldiers, and return, on the conclusion of their duty, to barracks. At each branch cantonment offices a soldier, previously trained, works the telegraph (which is located in the brigade major's office), unassisted by civilians; he receives four annas (that is about sixpence) for every message he sends and receives. He is never removed from military discipline, and when he has earned 20 rupees in a month, another soldier comes and takes his place. Our object is to introduce a knowledge of telegraphy into the army, so that when a regiment is on the march, it may be able to correspond with head quarters, and that we may have a reserve. When the late famine took place in 1873 we erected 553 miles of temporary telegraph wires; we worked all these lines, and also the railway 55 miles, with our own staff, and without any increase, because we had this reserve; these reserve soldiers took the places of the regular civilian signallers, then temporarily engaged on special duty.

4525. Does that system give enough soldiers to meet the exigencies of war for signalling purposes in India?—We have always sent our own signallers on military expeditions. Whenever a war takes place the soldiers are wanted to fight. The sappers have a troop, which would furnish

Chairman—continued.

the advanced telegraph; the telegraph department would do the rest.

4526. Are the sappers taught telegraphy?—They are taught in their own school. I employed two companies some years since to erect a main line in the Punjaub, and a company to erect the line along the Affghan frontier. Being soldiers and armed, they are not frightened away by being fired at occasionally.

4527. Do those sappers obtain any telegraph experience in the civil telegraph?—No, not regularly. They are sometimes lent to us for a few months, and they are then taught how to make joints and erect lines, but they have no technical knowledge.

4528. Did you consider the advisability of joining the telegraph system with that of the Post Office in India?—It was considered, but it was not approved of, because if the telegraph men and the Post Office men are fully occupied, as they ought to be, you still require two men for the double duty; you must pay both these men at the rate of the highest paid of the two. That is one reason, and we have a very strong opinion that a man takes more interest in work for which he is entirely responsible for than in work wherein he has only a divided interest.

4529. Then you do not, I presume, greatly admire the arrangement which has been come to in this country of joining the telegraphs of the country to the Post Office?—We use a certain amount of joint working where there is a telegraph office which is not fully worked, the person in charge will do postmaster's work also, and if we can get a postmaster to learn telegraphy we will give him a certain payment for doing telegraph work, but we endeavour as much as we can so to divide his labour, so that he shall not be able to say, "I neglected my post office work to do my telegraph duty," or, "I neglected my telegraph duty to do my post office duty;" certain hours are assigned for working the mails, and certain hours are set aside for working the telegraph; so far they are amalgamated.

4530. Are you aware of other countries where there has been a tendency to separate the telegraph service from the post offices, or to amalgamate the telegraph service with the post office?—I think in almost every country they commenced with telegraph and post offices in one, and then separated them as they grew. I know they did so in Prussia.

4531. But do not you know that in Prussia they have reunited the services?—They have reunited them in Prussia, I know, but I have heard that it does not answer so well as it did before. I can answer for its having worked well before, because I was there in 1866 to inspect their working.

4532. What arrangements have you made for the Press with regard to telegraphy in India?—The Press are allowed to send telegrams at quarter rates, conditional on the newspaper proprietor first giving an undertaking that he will publish in his newspaper everything that is sent him at press rates. He sends us a copy in order that we may see that he does this.

4533. Have you any system of duplicate charges for duplicate messages; if it is the same message transmitted to different parts of India, is there an uniform duplicate charge?—I do not think we have anything of the kind; we should

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Chairman—continued.

charge separately for all those messages, because we have one local charge for all India; whether a message goes two miles or 2,000 miles; the physical configuration of the country makes it almost impossible that duplicate telegrams should go to the same station.

4534. Have they not in India a separate charge as a night charge?—Yes.

4535. What is that?—We charge double at night. The object is to reduce the number of signallers. The double charge is a strong inducement to those who want to telegraph, especially to the merchants, who send 95 per cent. of the telegrams, to hand in their telegrams before six in the evening.

4536. Do you find much objection made to doubling that charge at night?—No, the practical result is, that you do not get many messages at night, which is what we wish, and the same on Sundays.

4537. What do you charge on Sundays?—We charge double on Sundays.

4538. What rules have you with reference to the free telegrams? What rights have the Government over your lines?—The Government pay the same as anybody else, with this exception, that there telegrams are submitted to a censorship to see that they are *bonâ fide* Government telegrams, and that they are not lengthened out unnecessarily, so as to block the lines against the ordinary public.

4539. They have a priority, have they not?—Not unless it is claimed.

4540. But does the Government pay exactly the same charge as any other person would pay?—The Government stamp their telegrams precisely the same as anybody else. We have a system of stamps, which I believe is peculiar to India.

4541. What is that stamp?—It is a double-headed stamp with a single legend; that is to say, there is a Queen's head above and a Queen's head below, but "Electric Telegraph" on the sides. I introduced that system in consequence of complaints which were rife when I took charge of the Department, that very often a signaller would suppress a message for the sake of pocketing the payment; and when you pay 5 *l.* for a message, that is a consideration; whether they really did so or not, I do not know; but if a man was starting for England and handed in a telegram to say, "I am starting for England," such and such a date, the message might be destroyed, and the fraud not found out for some time. The telegraph forms are made with a little receipt on the top. The telegraph stamp is fixed half over the receipt and half over the body of the form; all that the clerk who receives the message has to do is to obliterate the stamp with the name of the place and date, then to cut or tear off the receipt with its half-stamp, and hand it over to the sender. In this way we get a guarantee that the money has been paid, and the sender gets a guarantee that the message is not suppressed for the sake of the payment.

4542. With the different reforms you have made how do the telegraphs work financially?—I am sorry to say they do not pay their expenses, although they pay better a great deal than they did; the receipts are rising very rapidly, and our margin of loss is getting less and less.

4543. Do you see a prospect of making the telegraphs pay?—I see every prospect in a very few years of making them pay. We shall gain a great deal by maintaining the railway telegraphs.

Chairman—continued.

4544. Will you tell the Committee what is your plan for charging upon international telegraphy between India and other countries?—We charge international rates; but we have a word rate in contradistinction to the European principle, and it answers so well, that I am sanguine that if the system were introduced in Europe, *i.e.*, if between Russia and England, for example, you had a ten or five word rate, your receipts would increase considerably.

4545. You mean as between one nation and another?—Yes; internationally. I think the charge between London and Paris is four francs for 20 words.

Mr. *Cubitt.*

4546. Are not the Indian telegraphs entirely in the hands of Government?—Entirely. The quartered railways carry telegrams for the public, under a license which places them in the position of auxiliaries to the main system. The submarine companies are not allowed to collect or deliver in India; their cables terminate in our offices.

4547. Do any of them go through the native states?—Yes.

4548. Has the Indian Government the charge of the whole?—Yes, it has.

4549. Whether they are on British territory or protected territory?—Yes; whether on British or protected territory.

4550. You stated that you had hopes that the Indian telegraphs would pay?—Yes, I did.

4551. Do you mean by that, that they would pay working expenses, or that you would get a return on the original outlay?—Working expenses.

4552. I suppose the object of the acquisition of the telegraphs in India was from motives of public policy?—You may say that 90 per cent. of the telegrams are commercial, and *per se* would pay very well; but at all the points like Peshawur, which touch the frontier, they cannot possibly pay. This is so because there is no commerce there.

4553. The question of facilities for the Government in India would rather outweigh the question of finance, I presume?—Entirely; but I think that both telegraphs and railways, although neither of them have paid, have done an immense deal to raise the real revenue of the country by facilitating business of all kinds; I think the revenue has been doubled within the last 20 years.

4554. In addition to any direct return, you would consider that you had already a large indirect return?—Yes.

Mr. *John Holms.*

4555. I think you stated that the telegraph system very nearly pays in India?—I think it will this year get within 20,000 *l.* to 30,000 *l.* per annum.

Mr. *Goldsmid.*

4556. That is the expenses?—Yes; not percentage on capital.

Mr. *John Holms.*

4557. Then you stated that the Government offices paid for their telegraph messages?—Yes; the amount is something small; it is about 25,000 *l.* a year.

4558. And

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Mr. *John Holms*—continued.

4558. And how much is the whole receipt?—It is about 220,000 *l.*

4559. Then it is about 10 per cent.?—Yes, about that; the international telegraph wires pay about 2¼ per cent. upon the capital. Giving them their fair proportion for superintendence, direction, and construction, they yield about 2½ per cent. upon the absolute capital in addition to revenue.

Mr. *Allsopp.*

4560. You say that you give receipts for telegrams; is that for all sums?—Yes.

4561. For anything over 1 *s.*?—We have nothing less than 2 *s.*

4562. Do you think that system would answer here?—I have no doubt it would.

4563. With regard to commercial men who have a large number of telegrams to send out day by day, they have no opportunity of checking the clerks as to the amount they have paid?—That was my object in introducing the stamp; you get an absolute guarantee that your telegram will be sent; the person who sends the message fills up the receipt as he wishes it with the number of words in the address that he wishes the telegram to go to, and all the telegraph master has to do is just to put his telegraph stamp across the edge of the receipt and cut it in two.

Colonel *Alexander.*

4564. As a soldier do you consider it an important duty devolving on a State Telegraph Department to train men in time of peace so as to become efficient telegraphists in case of war?—Certainly.

4565. You stated that your signallers managed their own instruments; does that remark apply to soldiers as well?—Yes; I have a number of cases of men qualified, though not yet employed, but ready for employment. I have men from all regiments; the soldiers are not removed from military discipline; they are simply relieved from guards to go on telegraph work, and they work either under a civilian telegraph master, or if alone under a staff officer, the brigade major or quartermaster general, who is responsible for the receipts and for the good conduct of the man.

4566. How long, in your opinion, does it take to make a soldier an efficient telegraphist?—As a mere signaller, two or three months.

4567. I understand you to say that there is no particular district in India assigned to the Royal Engineers as telegraphists?—No. I did think of making the Punjaub into a military district, and had arranged to have two young officers attached to the department to create a little healthy competition and *esprit de corps*, but the Secretary of State sent me out so many assistant superintendents that I had no vacancies.

4568. Which system do you prefer, that of associating soldiers with civilians, as in India, or of assigning them a district, as in England?—Where there is a larger office and a scarcity of civilian signallers, soldiers come in and take a tour of duty, going back to their barracks; but at cantonments not on the main line, the soldiers do the work entirely, and are not associated with civilians.

4569. In the Administration Report of the Indian Telegraph Department, which you have handed in, you divide the soldiers employed as telegraphists into those in departmental, and those in military offices; on what principle

Colonel *Alexander*—continued.

are they selected for employment in those two offices respectively?—The departmental offices are important offices on the main lines, generally requiring several signallers. The military office is a cantonment branch office with a single instrument.

4570. Do the soldiers employed as telegraphists receive the same pay as civilians?—No; they are paid working pay; so much per message.

4571. Can you dismiss soldiers from the departmental offices without notice?—They are not in the department, they are with their regiments; it rests with the colonel to send them or not as he pleases.

4572. Has your experience taught you that the discipline to which soldiers are subject is an advantage to the State, when employing them as telegraphists?—Very clearly so; but our own discipline is military; our departmental system is military; it is all wheel within wheel; and we have a regular code of punishments, the same as the mutiny code. We have a code for fines, for certain faults; and in fact a regular system of punishments, so that the men know exactly how they stand. Every man gives security, which is forfeited for misconduct.

4573. I understand you to say that you think in every regiment some men ought to be taught telegraphy?—Yes, I think so.

4574. Do you consider it to be equally cheap for the State to employ soldiers as civilians in telegraphy?—Yes, if you pay them as you pay postmasters in certain districts, at so much per message.

Mr. *Beckett Denison.*

4575. Have you any officers of the Royal Engineers amongst your superior officers?—Only one, Captain Eckford; he is the head of the Store Department.

4576. Are most of your principal technical officers civilians?—Most of them are; there were a good many military officers in the Telegraph Department when it was first started, because some idea of organisation was required; as the civilians have come up from the bottom they have taken that position in the department as superintendents. My director of construction is an officer of artillery; my deputy was also in the artillery.

4577. Do you supply vacancies chiefly from military sources?—No; we supply vacancies from civilians specially educated in England.

4578. And not from civilians out there?—No, we make the department a career for life, as far as we can, in all its branches.

Mr. *Ripley.*

4579. I think it is 10 years since you took charge of the Telegraph Department in India?—Eleven years.

4580. Could you furnish the Committee with the cost of the working expenses of the telegraphs year by year from that time to the present, and also the receipts year by year?—I will prepare a table to show that, but there is the remarkable fact as showing the result of education which has been given, that whereas in 1868–69 the cost of the signalling establishment was 133,000 *l.* a year, it is now only 125,000 *l.* a year.

4581. With an increased number of signallers?—With an increase of offices, and nearly double the amount of line.

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Colonel *Robinson.*

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Chairman.

4582. That you consider is owing to the increased intelligence of the operators?—I think so, because, our distances being very large, an intelligent telegraphist will manage to telegraph to much longer distances than they did in former days.

4583. Has it nothing to do with the instruments which the telegraphists used to use?—I think the application of knowledge, and the ability to adjust the instruments, has more to do with it.

Dr. *Cameron.*

4584. What sort of instruments do you chiefly use in the Indian service?—Almost entirely the Morse, ordinarily, as a sounder; but on some of our great lines we are now using the duplex. On international lines we are obliged by our treaty with other countries to use tape; but, practically, the signalmen never look at the tape.

4585. What language do you telegraph?—Any language written in the Roman character; the mass of our telegrams are in code language, far worse than any European languages.

4586. Do you find it necessary to require a knowledge of languages among your clerks?—Not the slightest; the greater part of our messages consist of little known or unknown code words, each representing a sentence; consequent on their length and difficulty, the number of letters in each is reduced by the last International Convention to 10.

4587. I think they charge double for code messages in this country?—They used to in India; the rule is in abeyance; we do not insist upon it, because it is difficult to tell what is code and what is ordinary.

4588. Why is that?—Supposing you get a telegram in these words, "Priam, Equator, Calliope," you say "that is a code"; but the sender says, "No, that is the names of the horses running for the Derby," or of the ships starting at such a date.

4589. You stated that you charged quarter rates for the press, and you stated that you had a strict inspection of those telegrams afterwards, and that each newspaper proprietor entered into an agreement to publish all the telegrams received at the reduced rate?—They are bound by their agreement to publish their telegrams exactly as they are handed in at the office.

4590. But suppose some correspondent at a distance were to forward some atrocious libel?—We should arrange that; we should not be hard upon the publisher; he would not publish a libel at all. If a newspaper correspondent sent us a telegram to send to a certain person, we should send it to that person, and he would be responsible for it. The object in insisting that telegrams shall be published as originally sent, is to prevent the working of the markets at press rates. Telegraph masters are ordered to refuse to transmit a message of decidedly objectionable character.

4591. Do you find that ignorance of the language, or the fact of so many messages being sent in code, renders mistakes frequent?—No, I think the contrary; but it makes signalling terribly slow; instead of doing 25 or 30 words a minute they are sometimes reduced to three or four.

4592. I suppose it would render the use of such instruments as Wheatstone's repeater, or the Baine instrument, impossible?—No; but Wheatstone's repeater fails when it comes to very long distances. Our distances are very great. We telegraph from Calcutta to Kurrachee without a break, a distance of 1,700 miles.

Dr. *Cameron*—continued.

4593. They have similarly long circuits in some American lines, the Western Union, for example, and they use upon those lines Baine's automatic instrument?—I am not acquainted with that service.

4594. You speak of the distances to which you can signal without relaying having greatly increased over the whole of your telegraph system; is that due, to a great extent, to the use of the improved insulators?—No, our insulators are very good, and the insulators which were coming in when I took charge of the department were very good, but it is due to better construction and better jointing. Many people think that anybody can put up a wire, but to make a joint which will conduct thoroughly, requires a man who knows what he is about.

4595. It is not due to the fact that signallers can read now what they might not have been able to read before, but is due to improvements in the line?—It is due to a better adjustment of battery power, and the scientific application of means to the end.

4596. Have you any difficulty in guarding your wires in those long ranges over which they extend?—In some places very much so.

4597. Have you any tapping of wires now, as you used to have?—No, that has all passed.

4598. Is there much expense incurred in guarding the wires?—Practically none.

Mr. *Goldsmid.*

4599. Would you give me the mileage of the Indian telegraph system?—On 31st March 1875 there were 16,649·25 miles of line, 33,797·75 miles of wire, and 107 miles of cable; considerable extensions are now in progress in Assam and south of Moulmein.

4600. Will you also give me the total capital expended?—On the same date 2,94,17,120 rupees, including a sum of 56,17,510 rupees, the estimated value of abandoned lines and buildings; but I should mention that our capital is not a true capital, because many of the lines which have been constructed have been shifted or blown down again and again by cyclones, so that our capital account has gone on increasing, it does not represent the actual cost of the lines.

Dr. *Cameron.*

4601. Would you also state the difference, if any, in the cost of transmitting telegrams between the two periods, 1865 and the present time?—In 1865 the charge was one rupee for 20 words sent 400 miles as the crow flies. It was then charged according to the distance as actually travelled in that unit at the same rate.

4602. Did that charge include the address?—Yes, it included the address; I then altered it to 10 words for one rupee all over India from one end to the other; the average distance a telegram travels being about 1,000 miles. I then altered it, three years since, to six words for one rupee, with address free; the address free being simply such an address as should enable us to send a message to its destination. We do not consider that we are bound to telegraph the whole address as written.

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Chairman.

4603. Do you telegraph the address of the sender?—We telegraph his name or his position only. If I was sending a telegram I could send "Colonel Robinson" or "Director General," but I could not put both.

4604. But you could send that free?—I could send that free.

Dr. *Cameron.*

4605. You would use your discretion with reference to the address to which a telegram was to be sent?—Yes; for instance, if addressed to the Right Honourable the Postmaster General, we should probably put "P. M. G." simply, and leave out all the rest.

Chairman.

4606. Is that six words exclusive of the address?—Yes.

4607. You have a considerable power of retrenching unnecessary words?—We consider we are at liberty to do anything as long as we put the telegram as soon as possible into the addressee's hands.

Dr. *Cameron.*

4608. That accounts for so much cypher being introduced into those messages, does it not?—In international telegraphy all large firms have a codified address which they register; the companies in England do it for nothing, because they want an advertisement. They want anything to create a constituency. We charge 1 *l.* a year, or something of that sort, for registering the address, and then instead of getting "Colvin, Currie & Co." such and such a place, Calcutta, we simply get "Colvin," we know that that means Colvin, Currie & Co.

4609. I meant with regard to this inland system of telegraphy, what is the effect of this six-word rate?—The effect is very remarkable; the number of telegrams is very much the same as before, whether there were 20 words, or 10 words, or 6 words.

4610. What is the average number of words per telegram?—I could not give that; mercantile telegrams depend upon their business, but the telegrams of the public are six words. It is astonishing what they can compress into six words.

4611. I suppose you allow them 60 letters?—No, they can use as long words as they like.

4612. Are they allowed to use compound words?—No.

4613. What language are they sent in?—We charge double for a foreign language in India.

4614. But for vernacular languages?—With regard to the vernacular, it is found more easy and more satisfactory for the natives to put their telegrams into English, and get them re-

Dr. *Cameron*—continued.

translated at the other end, but, practically, natives do not use the telegraph at all, except the wealthy natives, who are, as a rule, familar with English. When you consider that the pay of a native labourer is about three pence a day, and that a telegram costs one rupee, you can imagine that they have not much money to spend on telegraphy.

Mr. *Cubitt.*

4615. You stated that you shortened the address on your telegrams. Supposing one of your employés shortened an address, and it failed in delivery, who would be responsible?—In practice, I should.

4616. But you found no difficulty arise from that practice, I presume?—No; when a subordinate addresses an official, he naturally would give him all his rights and titles. It would be "the Right Honourable the Commander in Chief, Lord Napier of Magdala," that we should shorten down; for instance, the Department of Public Works, we should call "Works," and the Viceroy, instead of his full title would be Viceroy only.

4617. If I understand you rightly, in England neither the Post Office or the Telegraph Service would take the responsibility of altering an address?—It has often struck me that there is an immense quantity of superfluity in the Post Office labour, especially in regard to transmitting the full address of the person who sends.

Chairman.

4618. I suppose you look on a telegram very much as a letter; that the duty of the Post Office is to deliver the letter to the place it is addressed to?—Yes.

4619. And that in the case of a telegram, it is the duty of the Post Office to deliver it to the addressee, and that it is a very minor point from whom the telegram comes?—Yes, the signature of the person from whom the telegram comes is given; he may give his rank or his name, but he must not give both.

4620. For instance, if there were a telegram going to the Educational Department in this country, and the person sending the telegram were to insist on putting "Her Majesty's Inspector of Schools," in addition to his name, you would omit that, I presume?—We should omit "Her Majesty's Inspector of Schools," or his name, whichever he pleased.

4621. If a man sent a long message to the President of the Council, you would not allow him to add to the message his own title?—No, and more than that, the Government possesses a code by which all Government officials who use the telegraph largely have a certain codified term applied to them; probably an inspector of schools would be called "Schools."

Mr. ROBERT WILSON JOHNSTON, called in; and further examined.

Chairman.

4622. HAVE you at all considered, since you were last examined, any form by which those telegrams might be sent to the public without any loss of facilities, and in a cheaper mode to the Post Office?—I have been considering that in London, at all events, for the purpose of a cheap local telegraph rate, the pneumatic system

Chairman—continued.

might be largely extended; my impression is now, and has been for some time, that London will never be properly served telegraphically until the pneumatic system is very considerably extended. I think that at Charing-cross, for example, to which point we have two large tubes of considerable capacity now going, we ought to

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Mr. *Johnston.*

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Chairman—continued.

have a sub-central pneumatic station with tubes laid to the House of Commons, which would also include an important office in Parliament-street, and likewise that in Westminster Hall, and also to Piccadilly, which would include an important office in Piccadilly Circus, and probably also an office in Regent-street, and by those means I think that cheap local telegraphy might be secured. The cost, no doubt, would be considerable at first, but the advantage as regards a system of communication of this kind is, that the cost of laying down, at all events, is final, because there is practically no limit to the life of a pneumatic tube, and we know that underground wires deteriorate almost as much as over-house wires.

4623. Is it not likely that a large expenditure may have to be incurred in the metropolis in putting down underground wires instead of over-house wires?—I do not know that the expenditure in the area which I contemplate for the pneumatic tube system would be as great as the expense in other parts of London, but no doubt it would be considerable.

4624. Do you mean this pneumatic tube to be applied simply for sending telegraphic forms or for sending pneumatic letters also?—I can readily conceive of a system whereby a telegram can be written, say in an office in the city, and put in an envelope, and the sender of the telegram would himself address the envelope instead of writing the name of the addressee inside the message, and the envelope would be stamped with the proper payment of the telegram, and sent through the tube and delivered without any clerical expense whatever.

4625. By that system of pneumatic letters, would you not save a great amount of clerical labour and clerical charges?—Yes, a very great deal.

4626. And might not the expenditure upon those tubes, although the capital might be considerable, be repaid by saving the cost of clerks and other persons?—I should say so.

4627. Have you been considering also the question of sending a less amount of words in ordinary telegrams throughout the country?—I have been considering, as a corrollary of the proposal made by me in a report which, I think, has been printed and laid before the Committee, that we should abandon the system of getting the sender's address in the form as an address, and adopt the practice which prevails upon the Continent, and also, as it would appear from Colonel Robinson's evidence, in India, and simply require the signature; if we have the address let it be put upon the form as a mere record, and not for any purpose of signalling.

4628. But supposing the sender desires his address to be sent, do you not think that a little extra payment might be made, so that the address might be sent?—Yes, I think so.

4629. Will you hand in that form you suggest?—I will.

[*The same was handed in, and is as follows:*—]

Chairman—continued.

POST OFFICE TELEGRAPHS.

A. No. of Message

(Inland Telegrams)

Prefix——— No. of Words———

Code——— Sent at ——— M.

Office of Origin and Instructions. To——— By———

For Labels and Office Stamp.

The following Message is to be delivered.

To———

Address Free.

Signature of Sender———

Address.

(Not to be Telegraphed.)	(To be Telegraphed, and Charged for.)

4630. According to this form, the signature of the sender is at the end, and the space between is divided into two parts; the address upon the left, if it is not to be telegraphed is not paid for, whereas if the sender wishes his address to be telegraphed, it is placed upon the right hand side?—Yes, it is placed upon the right hand side, and if the sender wishes it to be sent, it must be paid for.

4631. Do you think that form would practically give to the public all the facilities which they now possess, and be a great gain to the Post Office?—Yes, I do. I am quite satisfied that our present system encourages the senders of many telegrams to run to waste with regard to their addresses.

4632. When you speak of the direct advantage likely to arise from the adoption of that plan, are you referring a direct increase of revenue or in the way of liberating the wires?—Not so much in direct revenue as in liberating the wires; there would be some direct revenue of course.

4633. Did you hear Mr. Hobson's proposal that it would be a popular thing with the public to send 12-word messages for 6 *d.*?—I did not hear the proposal, but I know there is a proposal to that effect.

4634. What do you think of that proposal?—I do not think that it would be attended with much advantage, and I am of opinion that unless accompanied by Mr. Hobson's other proposal to charge Stock Exchange and racing messages double rates, a plan I can hardly conceive being carried out, it would result in loss of revenue.

4635. According to the present plan ordinary addresses

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Chairman—continued.

addresses take a dozen words, do they not?—They take 12 words.

4636. If they take 12 words, the body of the telegram would be simply Yes, or No, for 6*d.*?—Practically, it would be reduced to monosyllabic messages if the present system of addresses is to be kept up.

4637. Would it not in the end produce considerable economy and induce the senders to curtail their addresses?—No doubt it would, and also curtail the revenue.

4638. You think it would curtail the revenue?—I think it would curtail the revenue considerably unless the other proposal were adopted.

4639. Another proposal of Mr. Hobson's was to charge 24 words for 1 *s.* including the addresses; do you see any objection to that?—I think if the principle is admitted that telegraph rates are to be raised, that, or a proposal of my own to charge 1 *s.* for 25 words, is perhaps the least objectionable way of doing it. I regard it as being the case that the telegraphs were not handed over to the Post Office for the purpose of raising the rates, and therefore I cannot deal with it upon that principle; but if the Committee are of opinion that the rates should be raised, that appears to be the best way of doing it. One shilling for 24 words would practically be another form of my proposal of charging for the sender's address. The present average length of the receiver's address and the text of a message is 25 words; and inasmuch as the sender's address is no essential part of a telegram, so far as the Post Office is concerned, it seems to me that it would be a perfectly logical arrangement to charge for this item when it forms part of the message. Under a plan of charging 1 *s.* for 25 words, it would, of course, be necessary, as at present, to charge 3*d.* for every additional five words, or fraction thereof.

4640. But you consider that the proposal you have given us is a better one, as I understand it, because there will be no temptation to curtail, in an inconvenient manner for the Post Office, the address of the person to whom a message is to be sent?—Precisely; I think that is of the last importance, because, if the addresses were curtailed non-deliveries would increase, and we should be put to trouble in signalling back for better addresses.

Mr. *Allsopp.*

4641. Do you suppose that if the price of racing telegrams were increased there would be a falling off in the number of telegrams sent from a race course?—I am afraid that there would be a falling off.

4642. Do you think that the falling off would be appreciable?—I can hardly say that.

Colonel *Alexander.*

4643. I understand you to say that you do not agree with Mr. Hobson that where special facilities are given, there special rates should be charged; That was the point no doubt brought out, and that applied, as I understand the evidence, more particularly to stock exchanges.

4644. And then Mr. Hobson added afterwards racing telegrams also, because special facilities were also given to them?—As regards stock exchanges, the facilities are not of that special character, I think, which one would imagine; it suits the Post Office perfectly well to have an office in the Stock Exchange. Stock Exchange telegraphing, like racing telegraphing, is a kind of business in which one message begets another, and the begetting process is very largely promoted by the wires being upon the spot, and by the telegrams being speedily transmitted and speedily delivered. Very often it happens that four Stock Exchange messages are exchanged in the course of an hour upon the same subject; but if a messenger had to travel a quarter of a mile with each message the time would be much longer. Then the important consideration comes in that if you had not your office in the Stock Exchange, you must incur greater cost for delivering messages.

Colonel *Alexander*—continued.

4645. If the tariff for racing messages were increased, you think the number of racing messages would diminish?—I fancy there would not be so many sent. Of course, if there were half as many sent at twice the rate the effect would be the same, but it would not materially decrease the cost, for the simple reason that racing telegraphy is divided into two parts; the portion which accrues at the Post Office in the morning, and the portion which accrues at the grand stand in the afternoon, and as precisely the same staff attends at both, the consequence would be, that the same clerks would not be fully utilised in the afternoon.

Mr. *Beckett Denison.*

4646. What was your opinion with regard to Mr. Hobson's proposal that extra should be paid for priority?—I should be sorry to see that adopted. I do not think it would be in accordance with a national system of telegraphy to put the wires up to auction, which this would practically amount to.

4647. Would it be largely adopted by the public?—I do not think so.

4648. Do you think that an increase in the number of words would increase the number of messages sent?—I think it would increase the number sent.

4649. Did I understand you to say that a decrease of 6 *d.* to 12 words should be accompanied by an increase to 25 words for 1 *s.*?—I did not say that; I said that unless such a decrease were accompanied by a proposal to charge double for Stock Exchange and racing telegrams, it would result in a decrease of revenue.

Mr. *Ripley.*

4650. With regard to this question as to the length of addresses; do not you think that it would be more desirable to leave the mode of addressing precisely as at present, and limit the number of words to six, and make an additional charge counting the additions as part of the telegram itself, rather than adopting the plan which you have suggested?—That was practically the plan adopted by the old companies; they allowed ten words free.

4651. Do you say that the plan I am suggesting would add labour to the Post Office?—No; if the free number were reduced to eight words, it would have the same effect as my proposal.

4652. Would it not lead to more confusion if a man put his name at the top, leaving him free to send as many words as he pleased, counting them at the end?—If the non-chargeable words were reduced to eight the effect would be the same.

4653. You have made some statement about charging deferred messages at some particular rate; but with reference to charging particular

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Mr. *Johnston.*

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Mr. *Ripley*—continued.

rates for messages at certain times of the day, say that in the afternoon, when the wires are not so largely used, you might have sixpenny messages, and in the morning, when the wires are fully occupied, shilling messages, do not you think that it would work for the advantage of the public; that there are numbers of cases in which the parties do not care about an hour or two?—I have not thought upon that part of the question.

4654. With regard to the want of pneumatic tubes you have thought more upon that subject, have you not?—I have.

4655. And you have come to the conclusion that pneumatic tubes might be very advantageously used and extended in London, and possibly in some of our large towns?—Their use might be extended very advantageously in London certainly.

4656. What is the diameter of the tubes at present in use?—The diameter varies; I think the tubes working to Charing Cross are three inches in diameter; they are exceptionally large.

4657. They are iron tubes, are they not?—They are iron tubes, but the ordinary system is to have lead tubes encased in iron.

4658. As a matter of fact, there has been scarcely sufficient experience with reference to the best mode of laying them down, has there?—I do not think there can be any doubt about the lead tubes being the best.

4659. Can you give me any idea about the cost?—Roughly speaking, I should think the system I contemplate, consisting of 20 miles of pneumatic tubes radiatng from Charing Cross will be about 20,000 *l.*; I take the tubes at 1,000 *l.* a mile, but of course there would be a considerable additional cost for engines, &c.

4660. Have you come to any conclusion as to the area over which these pneumatic tubes could work?—No, that was rather a question for an engineer.

Dr. *Cameron.*

4661. What was your object in proposing that there should be a sub-central station at Charing Cross?—Because that is the limit up to which we can attain any speed in working the present system.

4662. I understand you propose a sort of double clearing-house system; a central office for clearing to all parts of the metropolis, and an outer

Dr. *Cameron*—continued.

circle again for points in the different districts?—Do I understand you to refer to transmission?

4663. No. It is the fact, is it not, that in sending telegrams from one part of the metropolis to any other part of the metropolis, they are now sent direct to the central office?—I think that is the fact now.

4664. The messages are then put upon their proper wire, and sent back to the other parts of the metropolis; you propose to have a double system of that sort with regard to your tubes, first that a message should be sent from here to Charing Cross, then from Charing Cross to the centre, and then from the centre to the part of the metropolis to which the message was directed to?—They would not be taken back to any large extent, because there will be a large delivery lying around Charing Cross, but that to a certain extent is inseparable from any system.

4665. What you propose is a large central office, and a number of subordinate centres all round that central office?—It would amount to that, and could hardly fail to be advantageous both to the public and to the Post Office. For example, there are at present three separate offices within a stone's throw of Charing Cross. One is a post office but not a telegraph office; another is a telegraph office, but not a post office; and the third is neither one nor the other, so far as the public is concerned, being a mere letter-sorting depôt. If the three were combined in one, economy, efficiency, and public convenience would, I think, be greatly promoted.

4666. You heard Colonel Robinson's evidence, did you not?—I did.

4667. Do you know what is the average length of wire over which a message is transmitted in this country?—I cannot say.

4668. You spoke about Mr. Hobson's proposition for express messages; was not a system in work under the old companies by which priority to telegrams, paid for at an exceptionally high rate, was given?—With the exception of Government messages, which have now priority, I think not.

Mr. *Goldsmid.*

4669. I think you stated that, in your opinion, it would not be consistent with the Act to increase the charges to the public?—What I said was this, that I did not think the telegraphs were handed over to the Post Office in order to enable them to increase the rates for telegraphing.

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Tuesday, 30th May 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. Cubitt.
Mr. William Beckett Denison.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Dr. Lyon Playfair.
Lord Robert Montagu.
Mr. Ripley.
Mr. Watney.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Major CHARLES EDMUND WEBBER, R.E., recalled; and further Examined.

Chairman.

4670. SINCE you last gave evidence before this Committee you have thought of the question of deferred telegrams, have you not?—I have.

4671. Have you prepared a paper on the subject?—I have.

4672. Will you read it?—Yes. The only novelty claimed for this proposal is, that it is workable with a minimum of dislocation of the present system. It is sought, firstly, to disturb as little as possible the existing means of supplying existing demands; secondly, to tap a source of revenue arising out of a presumed latent demand, without diverting present sources; thirdly, to meet this presumed demand by existing spare means of supply, without having to alter them. It is proposed that the 1 *s.* message should remain exactly as it is (or, if preferred, the address be included in a given total number of words), and that all the present conditions and facilities that are attached to it should continue; and that a new kind of message, "*petite vitesse*," or second class, be accepted under the following conditions: number of words 10, exclusive of address, payment, sixpence; for every additional 10 words, threepence; free delivery within half a mile; half a mile to one mile, threepence; over one mile, the same as now. This leaves everything in *statu quo* as regards the present 1 *s.* message, but it fills up the spare time of wires and clerks by a fresh kind of message, the manipulation of which may be deferred to the time which is now idle. These second class messages would, in practice only, be much delayed in busy offices, or on busy lines during busy hours. They would be distinguished by papers of a different colour, and the rule, as regards their treatment in all offices, would be, that no second class message be forwarded while a first class one be on hand. This system is free from the objections to the "Express Message" proposal. It claims to develope local

Chairman—continued.

telegraphing in country districts and towns by means of second class messages; while offering no inducement to the public to abandon the use of the 1 *s.* message with all its existing advantages, and it can create no delay in that traffic. The use by the public of second class messages might to a certain extent at first be substituted for present messages; this would cause direct loss of revenue on each such message, to be partly compensated for by increase of messages which can be dealt with, with very little increase of means, and partly by what may be assumed, namely, that the public, if they abandoned them temporarily, would in most cases revert to the use of them on account of the speed and the distance of the free delivery within a mile, and also because when anyone had to send more than 10 words they would rather pay 1 *s.* and receive first class advantages, than pay 9 *d.*, accompanied by the probable delay the second class will be subject to. The direct increase of revenue would be in the business which is not yet touched, and which may now, from the experience of the introduction of the 1 *s.* rate, be estimated at a considerable figure. For example: 1st. Local work in country districts, and between people to whom the saving of expense is an object. 2nd. Work from all classes in messages, as regards which a delay of three or four hours is of no importance. Present messages are dealt with on three forms: the A form, printed on white paper; this is the form the public write upon. The B form, printed on yellow paper, used in an office when the message is transmitted. The C form, printed on red paper, the form on which the message is delivered to the public. To identify the second-class messages, it is proposed to tint the paper as follows: first class messages, three shades of red; (1) almost white; (2) pink; (3) red. Second class messages, three shades of blue; (1) almost white; (2) light blue; (3) blue; or, if it is desirable

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Major *Webber*, R.E. 30 May 1876.

Chairman—continued.

able to retain the present colour, to distinguish them by a mark, such as a broad black line down the centre or diagonally, or a large 2 in the corner, &c. At the instrument, the second class messages would remain on hand, or at the bottom of the pile, if any are waiting, until all first class messages are worked off, and then follow in code turn until a fresh first class message is handed in. Railway offices should receive and forward first class messages only. The Table I have prepared shows what the department would have to forward at second class rates, for example, 62 words for 1*s.* 6*d.* With the result, that if the wires can carry on an average 20 words a minute, they would be occupied in earning 6*d.* a minute at hours when they now earn very little. I beg to append the following table of rates:—

Chairman—continued.

FIRST CLASS.				SECOND CLASS.			
Words in Address Estimated.	Words in Message.	Total.	Rate.	Words in Address Estimated.	Words in Message.	Total.	Rate.
			s. d.				*s. d.*
12	20	32	1 –	12	10	22	– 6
12	25	37	1 3	12	20	32	– 9
12	30	42	1 6	12	30	42	1 –
12	35	47	1 9	12	40	52	1 3
12	40	52	2 –	12	50	62	1 6
12	45	57	2 3				
12	50	62	2 6				

Mr. Edward Graves, re-called; and further Examined.

Mr. *Graves*.

Chairman.

4673. You have handed in a map dividing the country into nine districts, for the purpose of superintending the engineering part of the telegraph work?—I have.

4674. I think, in your original evidence, you saw considerable advantages in inducing the clerks in the offices to make the minor adjustments of instruments for themselves?—I did; and I said that, in point of fact, to a large extent, it was already done.

4675. Since then you have, probably, heard evidence showing that it is done in other countries besides this?—Certainly.

4676. I suppose, practically, excepting in large offices, where a mechanic's time might be wholly occupied, it would be unnecessary, after a time, for the working engineer of the district to enter the office?—A distinction must be drawn between instruments and batteries. Doubtless, the absolute necessity for entering the office to attend to the instruments might, in many cases, be avoided, if the clerks generally possessed the knowledge which is now possessed by some; but unless the local arrangements went much further, and unless the dirty work of changing, cleaning, and so on, of the batteries were undertaken by the clerical staff, you would still have the same need as at present for the visits of the operative engineers; and therefore, although the absolute necessity for their entering the offices might be lessened, still the necessity for their visits to the offices would remain as at present.

4677. That means, at all events, at first, until more knowledge is obtained by the clerks?—I should almost think permanently in many cases; because I can hardly conceive, that in small offices, where the operator is a girl, for instance, you could, under any circumstances, hand over the batteries to the local force only.

4678. A battery requires to be looked to very often, does it not?—It depends, of course, to a very great extent, upon the extent to which it is worked, oftener at a large office than at a small one. At a small office, probably, attention once in two months or so would be sufficient on the average.

4679. Some batteries require very little attention, and some require more frequent attention, do they not?—Yes, but taking the average, taking one condition with the other, you may say that once in two months would be sufficient.

Chairman—continued.

4680. Supposing your superintendent, if it was the superintendent, or your surveyor, if it was a surveyor, who had charge of a district, were to look after it, that is a matter of minor detail, and a question of labour that could be easily arranged?—No doubt.

4681. I think in the joint report which you made with Mr. Preece, you proposed a large reduction of supervising officers, and a re-distribution of the country into nine districts?—We did so.

4682. In that report, did you make any proposal for reducing the number of linemen and mechanics?—No, seeing that upon the whole the force is not redundant.

4683. But, practically, the offices are now to be entrusted to the clerks, and is it not the case that a very considerable proportion of the faults which the linemen had formerly to take charge of, will now be treated by the clerks and not by the linemen?—There are two points to be considered before I can reply clearly to the question; one is, that there is an error in supposing that a very large proportion of the time of the operative force of the engineering staff is taken up with the absolute removal of faults; of course it is necessary in selecting their stations, to place them where they can be got at rapidly when faults need removal; but, in fact, it is only a fraction of their time which is so occupied.

4684. Major Webber stated in his evidence, that in his district the faults which were found in the offices were 1·15, in relation to 1·75 which were found in the line; what is the proportion of faults found in offices to faults in lines in your district?—I am not disposed to think that the proportion differs very much from Major Webber's. My returns would show a smaller number, but my reason for thinking that the real proportion would be about the same is, that I have a larger number of offices in which the clerks immediately rectify the defects without calling for assistance, and hence do not report them as faults at all.

4685. Is it not the case that as you will in time get the offices to take charge themselves of the faults, and the ordinary adjustment of instruments

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Chairman—continued.

ments, a very considerable proportion of the time of the linemen, who runs between office faults and line faults, will be saved?—I fear not so large a proportion as there would appear to be; although the proportion of office faults bears a large relation to the number of other faults, yet the removal of all faults does not occupy a great proportion of the time of the men; and I think that as regards probably half the instruments in my district fixed at post offices, the assistance which is spoken of is already rendered by the clerks, and that without such assistance an extra staff would be required.

4686. Is it not the case that a lineman is constantly carried off his duty upon a line to look after adjustments of little things which the clerks could do themselves, if instructed?—Cases of that kind arise, and undoubtedly too often; but they are far less frequent now than they were in 1870.

4687. But if you had a complete separation of the offices from the linemen, might not that show that you would have an economy to which you had not then seen your way, and that you would see your way to a reduction of the linemen and mechanics also?—Yes, but I am bound to say that it would be delusive to expect that it would be very considerable, because I do not believe that on one day in 20 upon the average a lineman's time is occupied in attending to faults which ought to have been attended to by the clerks in the offices; and, further, that in consequence of linemen's attention to office duties, and to the condition of the batteries, the cases in which visits have to be paid more often than would in any events be necessary, to examine the branch lines and replace broken insulators, are very few.

4688. And yet you coincide with the statement of Major Webber that nearly half the faults have been found in offices, and the remaining half in the lines?—I think so; but as I have stated, the entire time occupied in the removal of faults is not a very large proportion of the entire occupied time of the men.

4689. Is it not the case that a man who has a 10-mile district must have his time considerably taken up if he ought to be 10 miles away, when he has to go to an office to make an adjustment?—Certainly; but I must repeat the remark I have already made, *i.e.*, that the cases in which such events occur are not very frequent, and therefore that the economy to be derived from their extinction will not be so considerable as might be hoped.

4690. Then, in deciding the map which you have placed before the Committee, of the new arrangement of the engineer's district, are you still inclined to think that there would be great economy and efficiency by separating the engineer's districts from the surveyor's districts?—It is hardly that I think economy and efficiency are to be attained by their separation; the separation already exists; what I doubt is the economy and efficiency to be secured by the welding.

4691. You have 10 surveyors' districts in the map there, and you have nine new engineering districts; would it not seem to be a natural arrangement that either you should create your engineering districts into 10, or condense the 10 surveyors' districts into nine, in order to produce unity of management in the offices as well as in the lines?—There can be no question that it does appear very natural that such should be the

Chairman—continued.

arrangement; a practical difficulty, however, arises from the fact that the organisation of the surveyors' department is adapted to one purpose, and the organisation proposed for the engineers specially to another.

4692. Are you aware that that is not the case in other countries; I hope the Committee will hear evidence that in Australia the surveyors take charge both of the lines and of the offices, and that every postmaster is made responsible for a thoroughly scientific management of the telegraphs, as well as of the postal system?—I believe that to be the case; and, as a matter of theoretical principle, I do not by any means contend that it ought not to be the case.

4693. Do you think it desirable that before any new surveyor is appointed to a district, he should not be appointed if he has merely postal knowledge without having telegraphic knowledge?—The difficulty I have in replying to that question, is not that I am at all inclined to deny or challenge the abstract desirability of it, but that I am unable to see how that knowledge is to be practically acquired under the working conditions of the service.

4694. If you were now, by the proposals you have made in your report, desiring to open a career to clerks who have now no career, if they had shown efficiency and knowledge of management, would it not be a great stimulus if they should feel that whatever knowledge is derived by them, both with regard to postal and telegraphic management, that knowledge would count very largely towards obtaining a superior appointment?—Unquestionably.

4695. Are you aware that the Treasury Committee, acting upon that belief, have recommended that the surveyor's offices should be in future filled by telegraph engineers?—That is so.

4696. Do not you think that the converse of that proposition ought to be sustained, that surveyors should not be appointed unless they have telegraphic knowledge?—My difficulty is in reconciling the working conditions of the service with that which in theory and principle seems to be the best course. I cannot deny, if you were framing everything *de novo*, that, in theory, such an arrangement as you are speaking of would be the best. On the other hand, as an officer of the Post Office of the present day, I see, for many years, great difficulty in carrying it out.

4697. You see there are 13 surveyors over the kingdom who have been appointed without reference to telegraph knowledge; but you stated to me that a certain number of those surveyors had acquired telegraphic knowledge for themselves?—I am afraid it is a very small number, and a very imperfect knowledge; but to say that they could not acquire telegraphic knowledge is far more than I will do.

4698. Do you see any means by which the very important advantage of having unity of management, instead of the discordant management which has produced such serious evils, could be obtained, if you properly stimulated the surveyors to obtain that knowledge. Supposing, for instance, a surveyor shows that he has telegraphic knowledge, and is capable of taking the united management of a district, that his salary should be made equal to such an enlarged area of supervision; do not you think that that stimulus

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would soon induce many of the surveyors to acquire the small knowledge which is necessary to keep up the posts and wires?—I cannot deny that the stimulus would be effectual for many purposes; but I protest against the expression, "small knowledge"; it would require considerable knowledge to enable them to control their superintendents to the very important extent of knowing when to spend money, and when to economise it.

4699. Do you think that difficulty would result if there were an active inspector of telegraphs from the Post Office circulating through the districts, and using his large knowledge to keep up a unity of management through the district?—I have no doubt that if the central inspection and control be strong, the difficulties I see in the working of the system will be materially lessened; but I think it is only right for me, as there are no representatives of the junior working ranks of the telegraphs present, or likely to be called, to express somewhat of the difficulties which are likely to arise in the relations which will be imposed upon them with regard to the surveyors. It may be mere prejudice, and in the great majority of cases no doubt it is, but there is no question that the whole of the present operative engineering force would feel it very much a stigma upon their usefulness to be placed under the immediate direction of heads who, they conceive, are incapable of appreciating what is good in their special knowledge. No doubt, perhaps, it is a very narrow view that I am taking; I do not deny it, but I feel that an office in London entrusted with the general control would have, for a long period, very great difficulties in its way in order to reconcile the differences which must arise between the local superintending engineer and the surveyor, and in order to obtain the hearty co-operation of the surveyor with the engineer. In fact, to make the machine so constructed work well at all, means that you must have your central control effective, and that you must give some kind of inducement to the engineering superintendent, who would find himself locally superseded, and who must, for a time at least, obey the orders of a chief to whom he must teach his own special duties.

4700. Are not all such difficulties experienced when you try to obtain a unity of management as a substitute for a division of management, and are not all such difficulties easily removed by earnestness of purpose in carrying out such arrangements?—The difficulties, I grant, are of a kind that always present themselves, but greater, I believe, than usual in degree; I have no doubt that means can be found for their removal if it is imperative. I wished the Committee to keep them in mind, as they weigh heavily against the theoretical advantages of a changed system.

4701. Looking to your map, with the exception of the Midland districts, are not your districts not very far from coincident with the surveyor's district?—They are not very far from them, but yet, in some cases, materially different from them. For example, Newcastle is proposed to be the central telegraph station of the district round about it. It is suggested that the Tees and Tweed should be the bounds of such districts. In the next division Leeds is the centre, and the next is Manchester as the controlling point of all the wires going northwards. If you compare the northern postal district, it takes half of Manchester and half of Leeds; and another thing is that the postal district cuts across, so to speak, the two main lines east and west of the telegraph routes to the north. The engineering arrangements are constructed with a view of covering the lines of the district with the fewest breaks, except at convenient points.

Chairman—continued.

4702. But, in both districts, will not you always get your anomalies; according to your system, you sometimes go into two surveyors' districts; one system crosses another system very much, does it not?—No doubt; but experience has shown that no practical evil arises from this.

4703. If it were considered that there would be great advantage in producing unity of management in order to effect a thorough responsibility with regard to the economy of the telegraph system within the offices, do not you think that the Post Office could soon make such slight re-arrangements of its postal districts as might suit telegraph difficulties?—I should be travelling beyond my own knowledge if I were to reply to that; for I can hardly say upon what basis the districts are arranged.

4704. With regard to the work of maintaining lines, I suppose we may divide it into daily work, such as the removal of faults and little things of that kind, and the periodical work of upholding the system?—Yes, certainly, except that the daily work to a much larger extent than the removal of faults really means continuous small daily repairs.

4705. That daily work I presume, however, does not require such a large amount of engineering knowledge as the periodical work does?—Not as a rule.

4706. The periodical work only comes occasionally, once or twice a year?—The regular periodical work only does come occasionally. Of course you have continual emergencies presenting themselves, but no doubt it occupies much the lesser portion of the time.

4707. If there were any difficulty in entrusting the surveyor with the general charge of looking after the daily work, might it not be possible to have your engineer from the centre made responsible for looking after the upholding of the system, and the periodical work?—No doubt it would be possible. In such a case, however, it would be necessary to define very clearly to what extent the central officer should act directly in local engineering matters. The position of the local superintendent towards the surveyor must also be clearly defined. It would be difficult to allow him to act in anything without the surveyor's authority if he was under the latter's control. And yet, if he has no discretional power, his experience will be often thrown away in emergencies. The central officer must be frequently checked in his operations, if he cannot put in motion the local force as he desires, except through the medium of the surveyor, who may question the propriety of his instructions, although without experience to enable him to judge of them.

4708. The ordinary daily work, I understand, involves very little knowledge?—It does not require advanced knowledge, but it requires some and a good deal of discretion. I will illustrate that by a very simple thing. Nothing can appear to

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Chairman—continued.

to be more simple than seeing whether an insulator is dirty, and washing it; yet, as a matter of fact, there is in different parts of the country the very greatest difference as to the extent to which that duty is performed, and in the performance of that duty rests to a very great extent the efficiency or otherwise of long lines.

4709. With regard to the proposal which you made in your report, of a considerable reduction ultimately of the engineering staff, instead of pensioning them at once, would it not be easier, in introducing changes into the system, to employ that redundant force in getting over the difficulties of any office or engineering management if that were entrusted to surveyors?—It could be done, but then I am bound to say that I think the employment so arising would last but a very short time; that is to say, if you were to employ the whole of the redundant engineering force in assisting that to be permanently retained in imparting special knowledge to clerks, I expect at the end of a year or less their occupation would be gone

4710. Whose occupation would be gone?—That of the redundant men; they would be again redundant.

4711. But would it not be more economical to the State whilst the transition is going on to employ them for that purpose than to waste them in pensions?—I am bound to say that I am afraid if you endeavour to make a new organisation work by the agency of men who would consider themselves practically condemned under it, we should start with the enormous initial difficulty of working with unwilling instruments.

4712. But I understood you to state that a very considerable reduction was justified by the redundancy of the present force?—Yes, and I would suggest that it would be better to let them go rather than to employ them, as embarrassments to the new machinery. They knowing themselves to be selected as redundant, whereas others were retained, must believe that comparatively, at least, they are deemed inefficient. Men so feeling will have little zeal for the service, and I confess that I should not like for myself to have to rely on their help.

4713. But is not that the mistake which Government has often made of pensioning men who were efficient, and then re-employing them at salaries *plus* their pensions, when they required further technical work?—I hardly follow the question; we do not contemplate the necessity of such re-employment. It would not arise.

4714. Do not you see some economy in the way of relieving your linemen of the duty of taking care of little loop lines on railways, where they are at a distance from a road line?—That is of course entirely a question of the price for which the railways would do the work.

4715. If the railways would do the work upon the lines close to their system, do not you think that it would be more economical for them to do the work than sending a man from the nearest road line to do it?—No doubt it would at a price.

4716. Or could it not be arranged that the postmaster of that district, having a fault at his own door, should contract with the railway to repair the wire rather than send for a lineman from some distance to do it?—In many cases the fault would be a considerable distance from a post-

Chairman—continued.

master's own door; it might be a loop of from two to ten miles, and there are other considerations that would require a good deal of thought.

Mr. *Cubitt*.

4717. With regard to what you have said with respect to the difficulties of amalgamating the duties of engineer and surveyor, I think that I understand that you have one set of men training under the engineers in the hope of becoming chief engineers, and another set of men training in the hope of becoming surveyors?—To the first part of the question I will answer, certainly, yes; to the second, I doubt whether men who have been trained as telegraph officers can reasonably hope to become surveyors; they have no postal knowledge.

4718. But in the Post Office?—Yes, in the Post Office proper, certainly.

4719. If you amalgamate the head offices, the engineers' and the surveyors', you do not see how to make the training identical?—That is the difficulty.

4720. Therefore you would take from one or other of the classes the great prize to which they look forward?—To some extent, certainly.

Mr. *Ripley*.

4721. I think you said that if you were to commence the system *de novo*, you would not hesitate to adopt the plan of having the telegraph engineer and the Post Office inspector embodied in one person?—I did.

4722. The districts would then have to be identical, would they not?—No doubt.

4723. I presume you would recommend that upon the ground of a better management and more unity, or for what reasons?—I regard it pretty much by the light of the experience of the former telegraph companies; the former companies had for their local chief officers men who had in one hand the control of the engineering arrangements proper, lines, apparatus, and so on, and also the management and discipline of the staff. The control of the traffic and permanent way, if I may use the illustration, were then held in the same hand, and undoubtedly, as a matter of principle, I cannot but think that that is the right course to pursue; but in those days we had telegraph business alone to deal with; it was telegraph traffic and telegraph maintenance; now the matter is complicated by the introduction of still larger postal business, and the difficulty which strikes me as presenting one of the greatest obstacles, is the difficulty in the way of training men as juniors in the various branches; it is difficult for a man whose duty as junior is to conduct postal service to learn anything of telegraph work, or for one who is engaged in telegraph work to acquire a knowledge of the postal service.

4724. Do not you think that if you laid down some principle of working the telegraphs in connection with the working of the Post Office, all these minor details would disappear practically in the working?—What I find in practice is, that in all very large concerns they are worked in separate departments.

4725. With regard to clerks, I think your idea was, that as the clerks became more intelli-

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Mr. *Ripley*—continued.

gent they might do little repairs at the telegraph stations in connection with the instruments, but as a matter of economy and possibly of policy also, it would be desirable that the linesmen located at different points should clean the batteries, inspect the instruments, and take charge of the line, so as to do what you called the dirty work; and that, as I understand, you think would be practically the right way of continuing to work the telegraph system so far as all country places are concerned?—I believe it to be so unless you substitute that which would practically amount to a revolution in the department; that is to say, instead of cheaply paid local agents in the post offices, you substituted highly paid clerks; then you get the true conditions of comparison with India, and I think also with Australia.

4726. You think the other would be a better state of things as matters stand now?—Yes, I think it would, as matters now stand.

Dr. *Cameron.*

4727. In your report you speak of the ignorance of the clerks with respect to testing operations: "Reverting to the testing illustration, we have found, to our surprise, that absolutely erroneous results are often arrived at and recorded, and that self-evident errors so recorded pass without notice, simply because the officers to whom the duties of action and examination are entrusted are, too often, ignorant of the proper mode of discharging them?—It is so.

4728. What I wished to ask you was what I asked Mr. Johnston before, although he could not answer me; what is your opinion with reference to the feasibility of exchanging the present schools of telegraphy for a sort of staff college, where intelligent clerks would receive more scientific instruction? — I believe that something approximating to that scheme might be adopted with great advantage; and I may add this, that I believe that under the direct supervision of the proper technical officer, in London, it might be well if you had some kind of special school of an advanced grade, through which you could pass a certain number of the more intelligent and active of your clerks, who would receive certificates as to their possession of the knowledge imparted to them. But it must be remembered, after all, that a very much smaller quantity of actual knowledge than your question contemplates is needed for the minor operations of the offices scattered through the system generally. You hardly need, for the work of an office with one or two instruments, the attainments that a staff college would impart.

4729. Where did this deficiency which you alluded to in your report occur?—I think it scarcely refers to deficiencies upon the part of the actual clerks at the instruments. I speak of the records. It means that the engineering organization itself in the country, as now mounted, is imperfect for its purpose; that is to say, that the engineering officers, who should check errors of

Dr. *Cameron*—continued.

the kind, we find, in fact, do not do so. The remark applied more to the clerical force attached to the engineers than to the clerks in instrument rooms.

4730. Do you not say that "the officers to whom the duties of action and examination are entrusted are too often ignorant of the proper mode of discharging them"?—I only wish to clear myself with reference to the particular kind of officers I am speaking of. I refer to clerks in the Divisional Engineer's, or the local Superintendent's offices.

4731. The Committee have had an officer of the Metropolitan Division, and questioned him with reference to some recommendations you have made with regard to the Metropolitan District; can you tell the Committee what recommendations of yours have been carried out with regard to the district, and what have not?—At this moment none of the recommendations in that report have been carried out. I believe that the secretary has thought it better, in consideration of the appointment of this Committee, to hold over any action.

4732. When was your Report dated?—The first portion was drawn up in January and February of this year, and the second portion in March.

4733. In your Report you speak about a conference of telegraph engineers, which took place at the Westminster Palace Hotel in 1870?—It was a conference of engineers and surveyors.

4734. And you refer to some report which was drawn up?—I do.

4735. Has that been handed in as evidence?—I think it has been handed in.

4736. In the case of telegrams handed in for a station after the hours of closing; are those telegrams ever sent by post when they would arrive as soon by post as by wire?—To say that they were never sent by post is more than I could do with certainty. When you say, "after the hour of closing," I presume you mean after the office to which the message is addressed is closed.

4737. What I mean is this; when the office to which the message is sent is closed, and the message will be delivered as soon by post as by wire, is the message forwarded by post, or kept over, and sent by wire?—I believe it is sent by wire, but you must not take my answer as very reliable.

4738. You could not, in that case, tell me whether the same form has gone through, and a duplicate taken, as when the message is transmitted by wire?—I cannot tell, as a matter of personal knowledge, what generally happens in those cases; but they must be very rare. Let me take an illustration. You hand in a message at nine o'clock in the evening for some village in the country where the office is closed. By the time that the office in that village has been closed, it is too late to send your letter from London that night; much the same thing would happen everywhere else; from one circumstance or another the cases must be very few, so that special provision for them is not called for.

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Mr. SIDNEY MONTEFIORE, called in, and Examined.

Chairman.

4739. You are Postmaster and Manager of Telegraphs in Melbourne, are you not?—I was, but I have retired from that post. I have been for nearly 20 years in the department.

4740. I think you are the author of a pamphlet which I see is dated 1866, proposing telegraphic reform and the union of telegraphs with the Post Office?—I am, and long before that I had been in communication with the Postmaster Generals at different times, suggesting the same thing.

4741. With the Duke of Montrose, for example?—Yes.

4742. Are you generally acquainted with the Australian system of telegraphs?—Yes, I am, having been there so long, from almost the first of the system being established in Australia. It was through my suggestion that it was combined with the Post Office and the charge reduced to the uniform rate which is now established there.

4743. The telegraphs are pretty generally diffused in Australia, are they not?—Yes, they are throughout all the colonies.

4744. Will you state to the Committee what is the organisation of the telegraph system in Australia referring to each considerable town; has each considerable town sub-offices in connection with it?—The organisation is slightly different in the separate colonies. There are five different colonies, but in Victoria (and I think in the others they are following the same system as far as can be) the system is this, that in each principal town there is a postal telegraph office, the manager of which superintends the different minor offices, and the district is arranged just according to the number or group of towns within a certain distance around it.

4745. Then the postmaster of each considerable office is a sort of inspector and manager of the district sub-offices under him?—Yes, that is so.

4746. Is the postmaster responsible both for the outdoor and indoor maintenance of instruments and lines?—He is not immediately responsible, but he in all cases is expected to report to the head office where any important fault occurs; but in the case of anything which can be attended to by the linemen who are connected with the office, it is immediately attended to by them under his supervision.

4747. What I meant was this: are the linemen under the direction of the postmaster, or are they under the direction of engineers from the central office?—The linemen are under the immediate direction of the postmaster in the country districts.

4748. For instance, in Melbourne?—Melbourne is the central district. We will take Beechworth as an example; the linemen at Beechworth are immediately under the manager of the telegraph office at Beechworth; at the same time the postmaster of that place is responsible to the Melbourne office with regard to the duties which he requires from his linemen, and makes reports upon all matters that are immediately required to be done.

4749. But generally in a country district the postmaster maintains all ordinary repairs out of doors as well as indoors?—Yes.

Chairman—continued.

4750. Do you require the postmaster then to know both the practice and the theory of telegraphy?—Yes, to know the theory to a certain extent, and we appoint no postmasters now who are not thoroughly conversant with the practical part of telegraphy. I mean not only as far as manipulating the instrument goes, but certain elements of electricity which may be required in superintending an office and the lines about.

4751. Has the postmaster to undergo any examination in telegraphy before he is appointed?—None are appointed unless they have gone through an examination in telegraphy.

4752. I think that what are equivalent to surveyors in this country are called inspectors with you, are they not?—Yes, they are.

4753. Have you any inspectors under the old postal system who are not much acquainted with telegraphy?—Yes, we have some; but others again have made themselves to a great extent conversant with it.

4754. Are any new inspectors or surveyors appointed to districts without having a thorough knowledge of telegraphy as well as postal duties?—No; and I believe it is the intention not to appoint any inspectors who are not thoroughly conversant with the two subjects.

4755. Have you any schools for operators; that is to say, what we call clerks, you call operators?—Yes, we have schools for the operators.

4756. What do you teach the operators in those schools?—We teach them the elements of electricity so far as it may be connected with telegraphy and the manipulation of the instruments, especially a thorough knowledge of the manner in which the currents pass through the instruments, the way of maintaining the batteries, the different causes of error, the way of finding them out, and the reasons of faults in lines, and so forth.

4757. You would not be satisfied if the education of a clerk was merely as to the mechanical use of the instrument, without understanding intelligently what he was doing?—Certainly not; although I do not mean to say that there may not be some in the service already who are not very conversant with the subject.

4758. But in any new appointments you are very careful?—Yes, we are very careful in making new appointments.

4759. What is the chance of a career for a good telegraph operator in the service?—We will take a good telegraph operator first entering the service. There are two classes; one, those that have passed the Civil Service examination, which is something of the same kind as the matriculation examination in the University at Melbourne; and the other, those that have not passed. Those that have not passed are called operators; they enter at a small rate of pay, which is quickly advanced according to efficiency in the manipulation of the instruments, and ultimately have the expectation of becoming managers of the minor offices. The sub-offices, of which there are a great number, have operators in charge acting as telegraph officers, but not as superintendents over other offices; but if a man has

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passed, or subsequently passes the Civil Service examination, he can enter into the highest positions in the service.

4760. Do you find that there is a great desire on the part of the operators to pass through the higher examination?—Yes, there have been a good many cases, where they have; but I think, as a rule, they have been content with becoming managers of the minor offices.

4761. Since you introduced a better instruction into your schools, and thereby obtained a more intelligent class of clerks, have you found any diminution in the number of faults in the offices, and in the wires?—Very much so. At first, we even allowed the managers and postmasters to continue in office while being unacquainted with telegraphy, but we found that this caused so much error and so much expense in the correction of faults which really occurred in many cases in the office, that a new rule was adopted, and no postmasters were allowed to retain their office unless they had made themselves fully conversant with the elements of electricity, and the necessary telegraph knowledge.

4762. And the economy resulting from such better knowledge amongst your postmasters has been very considerable, has it not?—Yes, it has been very considerable, because now in an office we are not compelled to have two heavily paid officers; one, the postmaster, and the other, the telegraph manager, who expected almost the same pay as the postmaster who did not understand telegraphy, but we have in all offices a manager understanding both duties, with sorters for the Post Office and operators for the Telegraph Office on comparatively small pay under him.

4763. I wish from your experience in Australia to know whether you have any suggestions to make to the Committee with regard to increasing the facilities to the public, or economy to the department; first, with reference to the 10-word telegrams; have you any experience of them?—I have, and I think that in almost all cases of private telegrams, it is fully sufficient to send 10 words in a message leaving out the address of the sender, which is very seldom required, and, when necessary, should fairly be paid for as part of the message; that would almost reduce the number of words in a message to one-half, and enable the lines to take double the amount of business. It would also expedite the messages, as each message would only take about one-half the time in forwarding, and the present staff of clerks would be able to transmit double the number of telegrams.

4764. Have you 10-word telegrams in Australia?—Yes, we have.

4765. What is the cost of them?—One shilling.

4766. Is that equivalent to a less sum of money in England?—I should think it was equivalent to about 6 *d.* in England.

4767. Have some experiments been made with regard to your Australian telegrams in the way of sending them out without envelopes?—Yes, we have tried that, and it is proposed to adopt the plan, I believe, throughout the colony.

4768. Would you explain to the Committee how that would act as a saving of time; the address upon your forms is written on the back, is it it not?—As the message comes on the wire, the clerk taking off the message instead of writing the name and address on the front of the telegram form, writes it on the back, and then turns over the message, and writes the message as usual, and if the form is made in such a way as to fold with an adhesive corner, he can close the message up. Time is saved in addressing envelopes, and the expense of the envelopes is also saved, which, I think, may be reckoned at nearly 2½ per cent. upon the gross revenue from the department.

4769. Do you refer to the cost of the stationery only?—No, I mean to say that the saving of clerks' time and the saving of expense in the envelopes will be, I think, equal to 2½ per cent. upon the 1 *s.* for the telegram. It would be a saving of nearly 6 *d.* in 20 messages, which would, of course, be a saving of 2½ per cent. in the gross revenue.

4770. You say that the clerk to whom a telegram is sent loses no time, because, instead of putting the address upon the front, he at once puts it upon the back?—Yes.

4771. That the original telegram is sent out instead of putting it in an envelope and re-addressing it?—Yes, and also I may say there is an advantage in this way, that it promotes the secrecy of a telegram. Instead of, as at present, the telegrams being conveyed openly by the messenger, taking them on to the booking clerk to book, and then again to another clerk to write out the address of the envelopes, it is all done by the receiver of the telegram at once, and folded up. The check is placed upon the exterior instead of upon the interior of the wrapper. The booking clerk receives the telegram closed up; he sees nothing of its contents, and it saves entirely the time of the clerk who would address the envelope. It also, I might say, prevents a class of mistakes which, to my knowledge, very often occur in the department, that is to say, writing upon the envelope the wrong address, or putting the telegram in a wrong envelope.

4772. In such a system you would have no duplication of telegrams?—Of course, if you wanted a duplicate of a telegram it would be taken in the first instance; before the clerk closed it up, it would have to be duplicated on a similar form.

4773. Have you any special charges for express messages in Australia?—No, we have not, one of the reasons for our not requiring to adopt the plan of express messages is, that we have not so large a population in Australia as to rush the wires so much as to necessitate the paying of any extra charge for any precedence in the matter.

4774. If you had such a rush, would you think such express charges justifiable or advisable?—I think they would to a certain extent, so long as they did not take precedence of other messages which had been a certain time in the office.

4775. Have you a double charge for telegrams after any hour in the evening, or on Sundays?—Yes, we have an extra charge after eight in the evening, or before eight in the morning, and on Sundays.

4776. What is the charge?—In some of the colonies it is a double charge, and in others half as much again.

4777. Have you, from your experience, any suggestions to give to the Committee with reference to increased facilities for delivering and collecting telegrams through pillar boxes?—Yes, I think

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Chairman—continued.

think that a great amount of facility might be afforded for forwarding telegrams by adopting a form something similar to the form I have described for a telegram which has been received for delivery. Any of the public being able to obtain the forms could write the message on it, and fold up. The back being addressed in print, "To the nearest telegraph office." This form, after affixing the stamp for the charge, could be posted either at any of the receiving boxes, or if it is found impossible to clear the ordinary receiving boxes so often, there might be established a certain number of receiving boxes specially for telegrams which should be cleared at least every half hour in important parts, or every hour in less important parts. That would then have the effect of bringing the whole system to the doors of the public more than it is at present, because in many cases telegrams would be sent if it were very convenient and easy to forward them. Frequently the fact of having to send any distance to a telegraph office induces the person who had first contemplated the sending of a telegram to say, "Never mind, I will send a letter."

4778. You wish to make the telegraph more of a domestic institution like the ordinary postal letter?—Yes.

4779. And you think that persons with a half hour's clearing of such pillars would be in many cases content with such a mode of collection?—Yes. I think the majority of telegrams are not of such an urgent character as to necessitate their being forwarded within a very short space of time. I think if people knew their telegrams would be forwarded within an hour it would suffice for the great majority of telegrams; those that were more urgent would, perhaps, be sent to the offices and save the delay.

4780. Do your Australian telegraphs now pay?—Yes, they now pay in Victoria, but they used not; they used to be a burden upon the revenue while our charges were high; it was a long time before I could induce the different treasurers of the colony to see the advantage of reducing the rate, and at last it was only lowered in a measure, but we found the revenue then almost fell off from what it was before.

4781. What was the charge previously?—It was a varying charge of 5 *s.*, 4 *s.*, 3 *s.*, and 2 *s.*

4782. According to the number of words?—No, not only according to the number of words, but according to the distance.

4783. What is the charge now?—It was then lowered almost uniformly to 2 *s.* and 3 *s.*

4784. Did it not pay at that rate?—It did not pay, and we then lowered the charge to 1 *s.*, which, I think, may be reckoned at about the same value as 6 *d.* in England.

4785. At that rate the service pays better than it did under the higher rates?—At that rate the service has been made to pay; each year it is increasing.

4786. Does the Post Office produce a good revenue independently of the telegraphs?—The Post Office would have a good revenue but for the large amount that we pay as subsidy to the Peninsular and Oriental Company for our English letters; we pay them 90,000 *l.* a year, which greatly reduces our postal revenue, but exclusive of that, our inland postal service pays very well. I should wish to say, with regard to reducing the rate on telegrams, that we found it brought in quite a different class of telegrams, the domestic

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telegrams; in fact, the telegrams which the general public themselves sent. The reduction of the rate brought in so large a number of these that it enabled the department to become remunerative, but while the rate was kept up it was only those more important telegrams that were compelled to be sent that we received, and by reducing the rate only a little we found that it did not bring in the general public telegrams, while it reduced the rate that the ordinary telegrams were usually charged. And I really think that it may be looked upon in regard to England in somewhat the same light, that if the whole public were brought in by reducing the rate to a lower figure, the service would become remunerative.

4787. You think that such a plan would tap a new source of supply?—I do.

Mr. *Cubitt.*

4788. Did you notice any corresponding diminution in the number of letters at the time you reduced the rate?—Not the least.

Mr. *John Holms.*

4789. How long is it since this cheap system was introduced?—I think the cheap system was introduced in 1870.

4790. Has the revenue increased year by year?—Yes, it has increased year by year.

4791. Has the Press any exceptional advantages over the general public?—Yes, it has considerable advantages.

4792. What are those advantages?—In the different colonies there are different systems; one is that they charge a half rate, another is that 50 words should be sent for the ordinary charge of 10 words; but that is not the same throughout the colony.

4793. Which colony do you refer to?—The colony of Victoria.

4794. I think you stated that postmasters generally understood telegraphy, or at least that you did not appoint new postmasters, unless they did understand it?—I think we not only did not appoint new ones, but those that did not know telegraphy, when it was proposed to combine the system, were removed to the head office, and a person either forwarded from the head office who did understand telegraphy, or the manager of the telegraphs, if there was a manager of telegraphs in the district, was appointed postmaster, because the duties of a postmaster are very easily understood, whereas those of the telegraphs require a little longer time.

4795. Would it not be possible that a postmaster who did not understand telegraphy, might in a short time understand it sufficiently to be able to retain his position?—A good deal depends on the age of the person; the manipulation of the telegraph is not easily learned by men over a certain age.

4796. You suggested that it might be well to have a system of sending messages through the pillar boxes?—Yes.

4797. I suppose in such a case you would have a payment by stamps?—Yes, in that case the payment would be by stamps.

4798. Have you a system of payment by stamps now in Australia?—We have.

Colonel *Alexander.*

4799. You stated that more urgent telegrams should be dispatched, in priority to others which might be sent at a more moderate rate; who is

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Colonel *Alexander*—continued.

to be the judge of the urgency of the telegram?—That would be decided by the payment of an additional sum upon the telegram.

4800. Do you think that the public would be satisfied with the delay of an hour in the transmission of a telegram?—I think so in most cases; I do not mean delay in the office of an hour, but I meant that, if forwarding a telegram at 11 o'clock, it arrived at its destination by 12 o'clock, the public might be satisfied.

4801. But how can a person be certain that his telegram would be sent off within the time promised?—It is never in any case certain, they are obliged to take their turn; but arrangements should be made to prevent the likelihood of a longer delay.

4802. Do not you think that, if such a system were adopted, it would give rise to constant complaints and disputes?—With regard to the delay of an hour, of course it would be only in connection with the telegrams posted in receiving boxes. The persons know themselves when posting that the receiving box will not be cleared for a certain time. I do not refer to those messages which will be taken to the telegraph offices, but I think that by an additional charge for urgent telegrams, if the office were not allowed to detain other telegrams which had already been in the office for more than 10 minutes, that would not have the effect of causing any dissatisfaction.

Mr. *Ripley.*

4803. You stated that you had schools for instruction for electricity and telegraphy; would you state where those schools exist?—At the public library there is a large room at Melbourne for that purpose, and in other colonies in different rooms which are available for the purpose.

4804. Are those Government schools?—Yes, they are Government schools.

4805. You could not tell the Committee, perhaps, what number of pupils you have in one of those schools?—At any one given time I do not remember more than 20 or 30.

4806. Do those pupils make a payment?—Yes.

4807. Weekly or monthly as the case may be?—They make a payment, I think, of either one guinea or three guineas a quarter; I think the charge has been reduced lately to 1 *l.* 1 *s.*

4808. Do the schools practically support themselves?—I think they do.

4809. You also stated that the postmasters now, before receiving an appointment as such, must be examined?—They must have passed an examination at some time.

4810. Where and by whom?—By the Civil Service examiners, and also by the superintendent of telegraphs; he is the officer generally appointed for the purpose of examining in telegraphy and the necessary elements of electricity.

4811. From whom they receive a certificate?—Yes.

4812. Could you state the cost per mile of laying down the lines in the colonies of Australia generally?—I could hardly say, because of course the cost per mile is so very different in different parts of the colony. For instance, where cartage is high, it enormously enhances the cost, and in a country where it is about 1,000 miles across, and where materials have to be carted, the cost is very heavy; whereas near

Mr. *Ripley*—continued.

towns, or near where railways are, the cost is less.

4813. Do you know the extent of mileage of telegraph lines now existing in Australia?—I should say from 20,000 to 25,000 miles; that is in the several colonies.

4814. What was the entire cost of laying those lines?—One line was a very expensive one; that which ran from South Australia to Port Darwin. The entire cost in New South Wales for the 7,500 miles in that colony amounted to 238,129 *l.* The total cost in Victoria for 5,000 miles, including the building of offices, was 359,265 *l.* But a great portion of these lines were put up when labour was very high in the colonies, and under exceptional circumstances. Lines are now erected at very much less cost.

4815. With regard to the rates, you stated, in reply to an honourable Member, that the last reduction in the rates was in 1870?—It was, I believe.

4816. That was a reduction from 2 *s.*?—From a varied charge of 2 *s.* and 4 *s.* to 1 *s.* uniformly for 10 words, exclusive of the address.

4817. Does that 10 words include the address of the person to whom the telegram is sent?—No, you send 10 words, and you also send the name and address of the addressee, but not of the sender.

4818. Are the addresses limited?—Yes, the address and signature must not exceed 10 words; or, if exceeding, must be paid for.

4819. Can you give the Committee the amount of increase from period to period which has been the result of the reduction of the rates?—I will give the joint revenues derived from telegrams in the three older colonies, New South Wales, Victoria, and South Australia, for the four periods, 1867-68, when a small reduction was made; 1870, when the reduction to 1 *s.* took place; and 1874, after a few years' experience in the reduction.

	1867.	1868.	1870.	1871.
	£.	£.	£.	£.
Total Telegraph revenue for the three Colonies - -	70,000	70,189	75,831	140,389
Total Number of Messages -	489,233	519,949	821,391	1,528,523

4820. Your telegrams, I presume, are paid by stamps being affixed invariably to the telegraph form whether it is in the office or by the sender?—Yes.

4821. Are those special stamps?—No, they are the ordinary postage stamps.

4822. But still you have no difficulty while using postage stamps in ascertaining the amount taken?—No, by charging the Telegraph Office for them.

4823. In your opinion, is not that a very much more desirable mode of dealing with the matter in reference to the public than having two classes of stamps?—I think so.

Dr. *Cameron.*

4824. You mentioned that the postmasters who did not get themselves up in telegraphy were not allowed to retain office, and that in certain cases they were drafted to the head office?—Yes, whenever there was room to draft them; it

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Dr. *Cameron*—continued.

if not they were, I think, retired from the service; I do not think there were any really efficient men for whom they did not find posts in the office.

4825. Any that were not so utilised were retired; were they retired on pensions?—In some cases they were retired on pensions, and in some cases on allowance, according to the time they had been in the service.

4826. You found it actually cheaper to get rid of those postmasters who did not acquire a knowledge of telegraphy, and were not of such ability as to render themselves particularly useful in other departments than to keep them on?—I do not know of many instances of its having been done, because at the time we did this we opened also postal savings banks, and most of the postmasters we had removed from the country for not being acquainted with telegraphy, were appointed to offices in the Post Office Savings Bank, provision was made for them; I do not remember a case in which any man was pensioned off for that cause alone.

4827. What is the superior organization of the Post Office?—Under the Postmaster General is an officer who holds the rank of Deputy Postmaster General, and General Superintendent of Telegraphs in one person.

4828. Is it a *sine quâ non* that he should know something about telegraphy?—In this instance he does not because he was the Deputy Postmaster General, prior to that arrangement. In New South Wales, the next colony in importance to Victoria, there is a secretary to the Post Office, and immediately next to him is the Superintendent General of Telegraphs.

4829. And is the Superintendent General of Telegraphs a practical man?—He is a practical man. In Victoria, next to the Deputy Postmaster General, who acts as General Superintendent of Telegraphs, is the Inspector of the Postal and Telegraph Service who is a practical Telegraph Engineer.

4830. Has he practically the control of the Telegraph Department?—No; he has merely the practical superintendence of the whole of the lines and reports to the head of the department who is the Deputy Postmaster General.

4831. Who, of course, again reports to the Postmaster General?—Yes.

4832. Roughly speaking, what is the average length of line over which a message is sent in Victoria?—Victoria, although the principal of the colonies, is the smallest in area of any of them; I do not think in that colony we have more than 300 miles, but it is connected with the lines of the other colonies; there are about 1,200 miles of line to Queensland, and about 600 to South Australia, and through South Australia, it is about 1,500 or 1,600 miles to Port Darwin, and again through South Australia about 1,200 miles or more to Western Australia.

4833. Is the tariff you speak of, namely, 1 *s.*, inter-colonial?—It has been adopted now by nearly all the colonies, and the rate of charge is 1 *s.* for a message to the border of each colony, the others charging 1 *s.* to the border of theirs; therefore, a message from Melbourne to South Australia would be 2 *s.*; 1 *s.* going to the Victoria Government, and 1 *s.* to the South Australian Government.

4834. That is paid at the Office of Receipt, is it not?—That is paid at the Office of Receipt, and adjusted at the end of the month.

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4835. Do they allow telegrams received in the one colony, to go against the telegrams received in the other?—It adjusts itself in that way.

4836. There is an account kept of the amount, is there not?—Yes, there is an account kept of the amount.

4837. In such a colony as Queensland, what would be the average length of wire over which a message is transmitted?—The towns generally surround the principal town within from 20 to 100 miles, and then gradually other places are formed in more distant parts where there may happen to be a river or a good coast line, and then a series of other towns spring up around that. Some of the towns in Queensland must be nearly 500 miles apart.

4838. But I suppose the length over which these inter-colonial telegrams are transmitted, would be greater than the length over which they are transmitted in this country?—I should think so undoubtedly.

4839. Why I ask you that question is this; you have mentioned the 1 *s.* as being about equivalent to 6 *d.* in this country; do you mean on account of the different value of money in this country, or on account of the greater length of wire over which the message is transmitted in the Australian colonies?—Both in a measure; but I am speaking more especially in regard to the value of money; the earnings of the working public being larger in Australia, the wages higher there than here, the estimation of money is less.

4840. You are aware of the steps which are taken in dealing with a telegram in this country in this respect, that when a telegram is sent in, it is copied out; it is then transmitted and received by a clerk who writes it in duplicate, that is to say, one copy for the recipient and one for preservation; it is then put in an envelope and sent out; how does that compare with the operations in Australia?—We make no copies of telegrams whatever, except the ones for delivery; we think it is much more advisable not to do so; that a telegram should be as little known as a letter passing through; the fewer people who know the contents or see or keep a copy of it, the better.

4841. Do you transmit direct from the copy handed in by the forwarder, and send out the one copy made by the operator?—Yes.

4842. And you do not book the address, do you?—Yes, we enter the address and the name from our telegrams; of course we have one copy always in the office; the copy that was sent into the office.

4843. Do you use the Morse printing instrument?—Yes.

4844. And you keep the ribbon?—Yes, we do.

4845. You consider that a sufficient check upon the clerks?—Yes, I think it is far the best check that you can possibly have, because there is the message as it was sent. The message which was put in for transmission is also in the office for reference to if required.

4846. What do you do in the case of transmitted messages, as they are called here; a message which is sent to one office, read off, and then forwarded again?—That, of course, has to be copied by the person who receives it, and then

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Dr. *Cameron*—continued.

then handed to the other officer who has to forward it through another wire.

4847. Is the form that you use larger or smaller than the form used in this country?—I think it is a little larger than the form used in this country.

4848. Has your form all those directions which we have upon our form?—No, we simplify that as much as we can, because we think that the more like an open sheet of paper it is, the more easy it is for the public to understand what they are about; because, as a rule, the public are rather incapable of understanding a lot of rules and particulars. It frightens some people, or prevents them from sending telegrams, unless it is in as simple a form as possible, like a sheet of paper.

4849. Do you happen to have a copy of your form in your possession?—I am afraid I have not.

4850. You spoke about receiving boxes for telegrams; are you aware that there was a system in this country of telegraph cards?—No, I was not aware of that; but I think the cards would be objectionable, as not providing for the proper secrecy of the telegram, which the forms I propose would.

4851. What sort of telegraph posts do you use in Australia?—Generally where the country permits, we use the wood of the native trees, but in a great number of parts we are using iron posts.

4852. What is the life of a wooden post as compared with an iron post?—I think that a wooden post is seldom renewed more than once in five or six years, but it depends very much upon where they are placed, because there is the white ant, and another ant, which very much injure wooden posts in some localities, while in others it is not so.

4853. Wooden posts in Australia should be cheaper than in this country, should they not?—In some parts where there are forests, of course they are much cheaper, but in other parts where the telegraph poles have to be carted any distance, they are not cheaper.

4854. Iron is dearer there, is it not?—Iron posts would be dearer there, because they would have to be shipped out from here, but the extra charge is not very considerable except in the matter of cartage to distant parts.

4855. How do you get your stores in Victoria?—By contract.

4856. Do you advertise for tenders?—We advertise for tenders once a year.

4857. You get all your stores in that manner by advertised tenders?—Yes, we get all our stores by advertising for tenders; we find it very much cheaper than when we sent to the agents general. I am speaking now more particularly of Victoria, which is the most important of the colonies; some of the other colonies still forward orders to the agents general.

4858. Before the Government took over the telegraphs, was that system adopted?—The telegraph system was always under the Government before the Post Office took it over, although in a separate department.

4859. How do you pay the railway fare of your linemen?—In our case, the railways being under Government, we give an order for them to go free.

Dr. *Cameron*—continued.

4860. On any section of the line?—Yes; that is in consequence of the railways being under Government, but I may mention that where coaches are still in existence, where there are not railway lines, we make it a provision in the contract for carrying the mails that they shall always also give a free passage to any inspector, lineman, or person connected with the telegraph, who may be required to go up to inspect.

4861. Does there present itself to you any impediment in the way of a similar system being adopted upon railways in this country in the case of the telegraph system?—No, I think it should be adopted. We found that it did not increase in the least the price we had to pay for the carriage of mails.

4862. You spoke of the high rates not paying; I suppose that was owing to lack of business?—Yes.

4863. And to the wires remaining idle during a portion of the day?—Yes.

4864. At that time, I suppose, it struck you that the same amount of wire, and the same amount of clerks, could do a very much larger amount of work?—Yes.

4865. Acting upon that idea, you lowered the rates?—Yes.

4866. The result was probably that the cost per message was diminished almost in the proportion of the reduction of the rates?—I should say it would be so on most of the lines, excepting those where there was already a good press of business.

4867. What was the number of words that were transmitted at the high rate?—Ten words.

4868. The same as at present?—Yes.

4869. The average price would probably be about 2 *s.* 6 *d.*, would it not?—Yes; the average price would be about 2 *s.* 6 *d.*, or somewhat higher.

4870. As the telegraphs did not pay with this average price of 2 *s.* 6 *d.*, it is evident, is it not, that each message must have cost 2 *s.* 6 *d.*, and something more?—You must not take it in this way. At that time we were not combined with the Post Office; therefore we had highly-paid officers at each of the towns as managers of the telegraphs; now we have altered all that. It is under the management of the Post Office; the postmaster is an efficient manager of the telegraphs; he gets paid by the Post Office, and we only have to pay a certain number of operators and linemen according to the size of the office, and those operators and linemen are in nearly all cases capable of assisting, in times of pressure, the business of the Post Office; therefore it has immensely reduced the cost of the service.

4871. In making the balance-sheet for the telegraph system, do you not make a certain charge for accommodation in the Post Office; a charge for interest, and so on?—Not where the Telegraph Office has been simply removed to the Post Office, and no additional accommodation put up. There was no reason to charge to the Telegraph Office any sum in that case, because we had not increased the price which was being already paid for the Post Office.

4872. In making out your telegraphic account, do you credit yourself with the sum which would be paid by the Government departments for messages sent by them if they had not the power of franking?—No, we keep a separate account; we

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Dr. *Cameron*—continued.

we keep an account of the number of messages sent by the public, and the amount derived from it, and of the number sent by the Government, and the charge which would have to be paid by them if they were not allowed to frank; but we do not consider that as part of the revenue which I say pays now, and did not pay before; it would pay better very much; but all along we allowed the Government messages to go free; but in a case like England, where the telegraph system formerly was not under Government, you ought to take credit for the amount of telegrams forwarded by the Government. In some of the colonies this has been so fully recognised that the Government are regularly charged, and pay for the telegrams which they send; that practice has not been adopted in Victoria, because we thought it useless to go to the expense of selling stamps to the Government, when the Government would again have to be re-credited with the amount derived from the sale.

4873. Have you a similar account with the Post Office?—No, the Government frank their letters by a stamp outside; we keep an account of the number of the letters, but not of the cost of them; in most cases Government letters are over the single rate.

4874. What was the average cost of the messages, roughly speaking, after the telegraph system was worked in connection with the Post Office, before the last reduction which you spoke of?——

4875. When was the Post Office first worked in connection with the telegraph system?—It was partially commenced to be worked in connection with the telegraph system in 1864; but I do not think that it was fully so worked until 1870 or 1871.

Mr. *Leveson Gower.*

4876. I suppose the proportion of telegraphic messages to letters is much greater in Australia than it is in England?—I do not know the proportion in England.

Mr. *Leveson Gower*—continued.

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4877. Would it not naturally be so from the greater length of distance which the message has to be transmitted?—I should say it ought to be so, but I could not be sure without further information. I think in Australia it varies in the different colonies in the proportion of about 1 to 130 to 1 to 250.

4878. When the charge for telegrams was reduced, did that affect sensibly the number of letters?—Not sensibly in the least; on the contrary; but I should mention that Australia is a very progressive place, therefore each year the number of letters would rather increase in any case; but I should not think the increase in telegrams could possibly sensibly affect the number of letters.

4879. Did I understand you to state that the Telegraph and Post Office accounts were kept quite separate?—Yes, although we only use the ordinary stamp to pay the telegraphic messages, still we keep an account of how many of those stamps are used for telegrams.

4880. From which department does the Government receive the largest amount of revenue?—From the Post Office.

4881. And there is a very great extension of the telegraph system going on continually, is there not?—There is.

4882. Upon what principle is that extension made; is an extension only made when there is a prospect of its being remunerative?—Yes, and an office is not opened at any particular place where there is any fear of its not being remunerative without the people in the district guaranteeing a certain sum.

4883. Is that often put in practice?—Almost always, and we find that the people readily come forward to guarantee the money.

Mr. C. H. B. PATEY, called in again; and further Examined.

Chairman.

Mr. *Patey.*

4884. THE evidence which we have before us with regard to the Press has divided itself naturally into two parts: the loss to the Post Office by the system of running the words together in counting, and the averaging, and the loss to the Post Office by the twopenny rate; I wish to ask you with regard to both of those points. With regard to the first you think you have power to deal with that under the Act?—Yes; we think we are perfectly able under the Act, to carry it out.

4885. What was the reason of your deferring the change from the 1st of April when you intended to introduce it?—In consequence of the appointment of this Committee, we thought it better not to carry it out until after the Committee had reported.

4886. Mr. Lovell stated to the Committee, that in 1870 the question of running messages together and averaging, was raised by the Press Association, and that the point was conceded by the Post Office; upon that occasion, did the Press Association contend that they were justified in asking that by the Act?—No, they did not. I think I might read to the Committee the grounds upon which the Press Association asked that the running together and counting might be adopted. This is a letter signed by Mr. Lovell as manager on behalf of the chairman and committee of management; it is dated the 6th of October 1869, and is addressed to Mr. Scudamore. One of the paragraphs is, "And inasmuch as it is of the utmost importance that all the intelligence supplied by the Association, should reach its destination at the earliest practicable moment, each class of news will be sent, not in one continuous telegram, but in several separate telegrams; Reuter's news, for instance, will be forwarded for transmission, scrap by scrap, in three kinds as it comes in;" by three kinds, meaning: 1. The full supply to the larger newspapers of all news forwarded by Reuter. 2. A condensed supply which is sent to the smaller newspapers; and 3. A summary which is sent to the Exchanges. "Parliamentary news will be furnished, sheet by sheet, in two kinds, as it is written out;" that supply is divided into two kinds for the same reason; the

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Mr. *Patey.*

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Chairman—continued.

full for the larger newspapers, and the small for the smaller newspapers. "Sporting and general news will follow the same rule. And here arises a difficulty. In all probability, not one of the telegrams above referred to, will be capable of being counted into exact groups of 75 or 100 words; some will make 10 or 20, or 40 or 50 words each; others will make 80 or 100, or 120; if, therefore, each telegram is charged as a separate message, the Association and its customers will be serious losers on each day's transactions. In this difficulty the Association propose, that all telegrams sent under each separate head between the hours of 9 a.m. and 6 p.m., and all the telegrams sent under each separate head between the hours of 6 p.m. and 9 a.m."; in the one case it is 75 words, and in the other 100 words, "should be counted not as separate messages, but as one continuous message." "This proposition is based, as the Association believes, on fairness, and they are of opinion that the carrying out of it, while bringing the news service up to the highest point of efficiency and cheapness, would also facilitate the transaction of the business of the Telegraph Department. The following, among others, may be stated as the Association's reasons for these beliefs. 1. The Act provides that the news service shall be charged during the day at the rate of 1 *s.* per 75 words for the first transmission, and 2 *d.* for every re-transmission, and during the night at the rate of 1 *s.* per 100 words for the first transmission, and 2 *d.* for every re-transmission. If, however, each scrap of news sent be taken as one message, and that scrap consists of only half the stipulated number of words, the cost of transmission would practically be doubled, and this doubling of the cost of transmission over all the news supplied by the Association to all their customers, would, in all probability, raise the Association's tariff to something like 25 or 30 per cent. beyond the charges now made by the telegraph companies. If, on the other hand, each sort of news sent at the day rate be taken as one message, and each sort at the night rate at one message, the payment of the few odd words remaining over and above the gross totals of the several sheets making up such messages, would not very heavily increase the rate as fixed by the Act." And then their second reason goes on to say, "2. There is but one other plan, so far as the Association can see, of avoiding the difficulties above pointed out, and to adopt that, would be to seriously impair the efficiency of the news service, and greatly to embarrass the department. The plan referred to would be to detain the several kinds of news in the offices of the Association till the gross number of words amounted to a sum which could be sent in one long message without material loss. But this would, on the one hand, delay the transmission of important news beyond all reasonable limits, and on the other, block the wires of the department for unduly long periods." There is nothing in that letter, therefore, saying that they base the arrangement of mixing together and averaging messages upon the wording of the Act.

4887. I will refer you to the evidence of Mr. Taylor; Mr. Taylor, in Question 3901, and that which follows, stated that the Press in their negociations, sought no favour or no remission of the then existing charges; that under the companies a short message counted as a whole one;

Chairman—continued.

do you consider that the proposal of the Post Office is to the same effect as this?—We think it is exactly what the companies gave them, and from which they wish to have no remission.

4888. You do think so?—We shall charge them 1 *s.* if it is 75 words, or if it is 24 words, and that was the practice which the old companies followed.

4889. Mr. Saunders, in answer to Question 4047, and the following questions, stated that the Post Office loses considerably by what he called gratuitous messages; what do you say in reference to that?—We lose very largely by gratuitous messages. Especially is this so in the case of sporting messages. We delivered last year in one case 1,640 messages for the sum of 1*l.* 15*s.* 2*d.*, or at the rate of about a farthing each.

Mr. *Goldsmid.*

4890. Why did you do that?—Under this arrangement. In that case eight messages were sent for 2 *d.* to each subscriber.

Chairman.

4891. Then you agree with Mr. Saunders that it would be fair to the Post Office to alter that practice?—Most certainly.

4892. Turning again to Mr. Lovell's evidence, I understand him to dispute the accuracy of the heavy cost, which you stated, I think, was about 3,000 *l.* a year for account keeping, and he stated that it had been proposed that the Press Association should pay for one clerk 130 *l.* a year to meet their share of the cost; what was the reason of the great difference between those statements?—The sum of 130 *l.* a year was named by Mr. Scudamore as the cost of clerks' time engaged in copying out the Press Association's account; not in making out the account.

4893. Will you describe the manner in which the accounts are now made up?—I have here an account for one week, ending the 9th October 1875, sent to the "Central News," and a similar one for the same week sent to the Press Association (*producing the same*). The account shows, "Messages handed in in London, and transmitted," say for general news to subscribers for No. 4 Service. On Monday the general news is sent to a certain number of subscribers; on the Tuesday to a different set of subscribers; every day varying; the principal and largest supply being on Fridays. A message is handed in by the "Central News," unaddressed, and is prepared for transmission in the Intelligence Department, is then telegraphed to the country, received at the various offices, and sent out for delivery; a copy of each message, so sent out to the newspapers and subscribers is forwarded to London by the following day's post, and when received in London is checked against a list, to see that every subscriber entitled to the news receives it. The number of words is counted, and checked to see that each subscriber gets the whole amount of news that he is entitled to, and in consequence the time and labour expended upon these accounts is enormous. To make out even one account for a week of course takes a very large amount of time.

4894. And for that reason you propose that messages should be prepaid?—Yes.

4895. I do not know whether you observe that Mr. Saunders, in his evidence, handed in a form of account of the previous day's messages, which, he

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Chairman—continued.

he stated, had been prepared in two or three hours, and which a single clerk in the Post Office might check in the same time?—Yes, but we believe and are prepared, so soon as counting together and averaging is done away with, that he shall be able, upon each message being handed in, to state, without any hesitation, the amount of money to be prepaid upon that message; the clerk receiving the message could, by simply turning to a paper, which he would have in the office, say how much had to be prepaid. By that means we should get rid of all account keeping and also save the time that Mr. Saunders states our clerks would be occupied in checking the account showing the charges for the transmission of those messages.

4896. What would that save a year; 3,000 *l.* a year?—I think about three or four clerks at the outside would be necessary to keep those returns.

4897. That would be a few hundreds a year?—Yes.

4898. Now, to go to the second division of the subject, you have no doubt observed that Mr. Lovell has denied altogether your estimate that the Post Office loses 20,000 *l.* a year by press work, and he did so upon two statements; first he said that the old telegraph companies charged at the rate of 2 *s.* 7 *d.* per 1,000 words, and that the charge of the Post Office is really at the rate of 2 *s.* 10 *d.* per 1,000 words, and that, therefore, if the old telegraph companies paid, your higher rate ought to pay; what is your answer to that?—In his calculation he only took the rate paid per 1,000 words for news transmitted under the contract system with the companies, leaving out of the account altogether the amount paid for special messages; that is to say, the rate varying from 1 *s.* to 4 *s.* per 30 words by day, and 40 words by night. As we have a uniform rate, the press have gained very largely, both by the uniform rate and by the greater number of words that they can send at that rate. Mr. Lovell also omitted to state that, under the old telegraph companies news was sent when it was most convenient to the companies to send it; that is to say, when the wires were clear from other work; the only news that the companies did send nearly at the time it was sent in were such things as the alteration of the bank rate, and the results of great races, and news of the utmost importance; stock and market reports, for instance; all other news was left for convenient opportunities. The great cost to us of news is the cost of delivery. The companies sent out the news when convenient, sending out several batches of news by one and the same messenger; we, as far as possible, send out the messages separately, not waiting till we get a large quantity to send out by the boy taking out the messages; another of the reasons for the increased cost is, that the companies sent only one service of any kind of news; whereas, at the present time, we send, of every piece of general or foreign news for the Press Association, three classes of news; for the Central News from two to three classes; and we send in addition special messages relating to same event; so that, consequently, taking the case of Hull, we are sending a scrap of news five, six, and even seven times over; and that is so all over the country.

4899. The second argument in Mr. Lovell's evidence, I think, related to the profit which you make under the special wire system, and the number of words which could be transmitted;

Chairman—continued.

what have you to say to that?—The statement which he made with regard to the transmission of words by special wires is, no doubt, pretty accurate, but it must be remembered that those words are transmitted continuously; whereas for news sent to the country we have to keep the office open from 5 in the morning until 3 the next morning, and we get the same number of words, perhaps, which is sent over a special wire during six or seven hours distributed over the 22 hours, during which the office is kept open; consequently the cost to the department is much greater than the cost of transmitting a similar amount of words over special wires. We have also to take into consideration the amount paid for the delivery of the messages, for stationery, and for office accommodation, and also for the maintenance and way-leave of the wires over which the messages go. In my calculation of the profit which the Post Office made from special wires, no charge was made against the special wire for the cost of the maintenance of the wire, or the cost of the way-leave, inasmuch as it might be argued that that wire must necessarily be in existence for private messages during the day, and that if we did not let it for use as a special wire during the night we should still have the same charges to pay for maintenance and way-leave. I think we might really charge part of such cost of maintenance and way-leave against the rental paid for a special wire, and if so the profit would be less.

4900. Mr. Saunders in his evidence, drew attention to the striking fact that now under the Post Office, the news agencies receive from the public about 60,000 *l.*, and that the old telegraph companies only received 24,000 *l.*; do you agree with that?—I presume the first figure is correct; I have not the means of knowing what the agencies do actually receive. As regards the 24,000 *l.*, however, I find that in 1868, the telegraph companies received 32,318 *l.*, or 8,000 *l.* more than stated by Mr. Saunders.

4901. Was that 32,318 *l.* for a contract supply of news only?—No, it included about 2,000 *l.* for special news, so that they sent under contract 30,000 *l.*; and the Press Association and other agencies are now paying us from about 30,000 *l.* to 32,000 *l.* a year for the transmission of news.

4902. Or very nearly the sum paid in the last year but one of the telegraphic companies' existence?—Yes.

4903. Mr. Taylor stated in his evidence that he used to get for his own paper a column of news at the cost of about 1 *l.* 1 *s.*; were you aware that he obtained it at this rate?—I was very much astonished to hear him make that statement, and I find that that was the cost of the reporting only, the cost of transmission was in addition to that.

4904. Are you sure that that did not include transmission?—I am informed so by the officer of the Intelligence Department of the old companies now in the service of the Post Office who rendered the account.

4905. You do not know it of your own knowledge?—I do not.

4906. An honourable Member of the Committee drew your attention to the fact, or asked you whether it was not much cheaper to transmit an identical message to a great many addresses, than to transmit separate messages according to your new proposal. Since you have made so much use of the automatic appa-

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Mr. *Patey.*

30 May 1876.

Chairman—continued.

ratus, is not that the case?—Yes, it is cheaper; but not to the extent the honourable Member thought it would be. We conceive that the use of the automatic instrument is really as great a benefit to the press as it is to the Post Office, inasmuch as the quantity of news now sent could not possibly be transmitted, except by the use of the automatic apparatus. But take the case which Mr. Saunders quoted, the case of No. 7 service, which he said went to 324 subscribers. I find that of those subscribers, only 69 get their news by the Wheatstone Automatic. From London we send news by the Wheatstone Automatic to 22 towns only. The whole of the other subscribers, 255 in 154 different towns, require to have their news retransmitted to them by the ordinary means.

4907. In the evidence of Mr. Lovell, for the Press Association, he stated that his association lost 4,500 *l.* per annum by your refusing to give supplies to hotels, and that you lost 2,000 *l.* per annum by the same refusal; what do you say to that?—We lost, as he states very truly, the 2,000 *l.*, the amount paid to us by the company, but on the other hand, we saved nearly 3,000 *l.* in all by diminishing the expenses. It was, of course, impossible in the case I quoted just now for the department to make any profit out of delivering a message for transmitting by wire and delivering which the sum of ½ *d.* only was paid.

4908. Have you recouped your loss at all by hotels taking messages at full rates?—Yes, we think we shall recoup the whole of the loss this year, inasmuch as the hotels are taking very largely private messages. The great increase which has taken place this year in the number of messages sent from racecourses has been mainly due to messages sent to hotels.

4909. Will you state again what were your reasons for stopping the supplies to weekly papers, except on the day of publication?—We found that the weekly papers were making improper use of the news supplied to them; they were using it for posting up outside their offices when they received it, consequently we lost the messages which would otherwise have been sent to the town by some person who was interested in the matter. The messages were used for the private information of friends of the newspaper proprietors; and we had also reason to believe that having stopped the supply to hotels many proprietors of weekly newspapers had proposed to obtain sporting news, and to disseminate it in the towns, although not printing it in the newspapers.

4910. Several of the witnesses stated that there had been serious complaints of the manner in which the Post Office transmitted news. Have you had many of those complaints?—No, I am glad to be able to say that the number of complaints is comparatively few, having regard to the great quantity of news that we do transmit. I think Mr. Harper, in one instance, stated that the weekly paper suffered on account of the delays, but he afterwards stated that remark had reference to 1870, and not to the present year, and what was true in 1870 I do not think is true now as regards delays.

4911. A suggestion was made by Mr. Taylor that you might produce considerable economy by allowing the news to be sent for instead of being delivered?—I think some economy might be

Chairman—continued.

effected by that plan, but very little. It has been stated that some newspapers are prepared to send for their news, but I cannot hardly think that clubs, or institutes, or exchanges, would send for the news, and therefore we should still have to keep the boys for delivering to subscribers, other than newspaper proprietors.

4912. Would you have to keep as many?—Not quite as many, perhaps, but I do not think that there would be a very large diminution.

4913. But Mr. Taylor and Mr. Lovell suggested that news might be transmitted in such a manner as to cause less break in the ordinary service of the telegraph; have you taken that into consideration?—Yes, I think it might be done; but still I think the press would not like it. That very quotation from the letter which I read just now from Mr. Lovell, of October 1868, pointed out that very difficulty, that the news would be sent at such intervals as might not give what the newspapers required. There are at the present time complaints arising from the non-immediate transmission of news. The proprietors say they are beaten by private messages, and that the newspapers require to have the news as quickly as private subscribers in towns.

4914. Mr. Saunders, in answer to Question 4102, suggested that you might obtain revenue by supplying news to private persons; what have you to say with regard to that?—I think very great difficulty would arise in knowing what was to be sent under the term of news. For instance, upon a change in the bank rate, all messages which are now sent by stockbrokers might be then sent at the reduced rate, instead of at the 1 *s.* rate, and we should lose considerably. I cannot see that the Post Office would benefit at all by allowing messages to be sent to private subscribers at press rates.

4915. Do you think that in such classes of news as Mr. Saunders suggested, the Post Office should be the collectors of the news as well as the transmitters of it?—No, I do not think so. I think there would be the difficulty of the bias which might be thought to be given, as I pointed out before, by a Liberal or Conservative Government, and newspapers especially, I think, would not like that.

4916. If there were difficulties arising from the Post Office refusing to transmit news at the loss which you still maintain of 20,000 *l.*, do you see any objection to the press putting up their own wires?—I think that the press putting up their own wires would benefit only the larger papers, and would naturally stop the supply of news to the smaller newspapers. It is impossible to think that the press would themselves take news to the small country newspapers; and the consequence would be that newspapers of that class would entirely disappear.

4917. Mr. Saunders took exception to your estimate of the cost of sending news to Hull; have you reconsidered your estimate?—I have carefully gone through it again, and I see no reason to alter it.

4918. You still hold the figure you gave us as representing the cost of transmitting news there?—I do. I have also examined it against Mr. Saunders' own estimate.

4919. Will you explain your own estimate?—My estimate of the cost of transmission of news to Hull was made up of nine separate items; first, the cost of supervision in the secretary's office, that

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that is to say, the cost of the branch of the telegraph department of the secretary's office which deals with press work. I have taken a proportionate part of that cost as the amount chargeable against Hull.

4920. What proportion have you taken?—£. 2 16 *s.* 4 *d.* Then I have taken an amount for account keeping, also in proportion to the news taken by Hull; that I make 10 *l.* 19 *s.* 7 *d.*; next, a similar proportion of the cost of the Intelligence Department—that is the department in London which receives the news from the Central News or Press Association, and also special messages for transmission to Hull—that amount is 11 *l.* 14 *s.* 8 *d.*; next, supervision and manipulation in the Central Telegraph Office; that I make 250 *l.* a year; and that item I have gone into very carefully; between six in the morning, or rather five in the morning; six o'clock I have taken it, although news begins to be sent to Hull at five o'clock; between six o'clock and nine o'clock I have calculated the proportion of the clerks' wages, the punching clerks' wages, and supervision, and make for the three hours the sum of 2 *s.* 9 *d.* per diem. Then, between nine o'clock and six o'clock, that is during the busy time of the day, I take the proper proportion of the clerks' wages; females are employed then; the wages, again, of the punching clerks and the supervision, making that 3 *s.* 5½ *d.* per diem. Then, between six o'clock and three o'clock in the morning, similarly, only that male clerks are then employed instead of female clerks; punching clerks and supervision again; I make that 8 *s.* 3½ *d.*; making the total for each say 14 *s.* 6 *d.*, and for five days of the week, 1 *l.* 12 *s.* 6 *d.* Then, on Saturday, it is the same between six in the morning and nine o'clock, and between nine and seven. When the transmission of news ceases it is a little more; because it was only until six o'clock that I took it before; making the cost for the Saturday 6 *s.* 3 *d.* Then on Sunday, although the office is open for a shorter period, on Sunday night a very large quantity of news is sent for the Monday morning papers. Taking the same proportions, I make the cost to be 7 *s.* 10 *d.*; altogether the cost for the week amounts to 4 *l.* 5 *s.* 7 *d.* for clerks' wages and for supervision, at the Central Station. Taking that for the year, the total cost is 222 *l.* 10 *s.* 4 *d.*; my estimate, you will find, is 250 *l.* The difference between those amounts is for the superior supervision of the office generally, and for the cost of light and fuel and accommodation. The next item is the item of 470 *l.*, for the work of the receipt of news at Hull; that has been worked out in the same way, but the cost is greater; I worked it out upon a different basis, so as to see if the calculations would tally. I have ascertained the number of words transmitted to Hull in ordinary messages and in news messages, and I find that the proportion in ordinary messages is something like 62,000 words dealt with, and in press words 11,000 words dealt with during an average day. Then I find also at Hull that the circuits are occupied with press work, as compared with ordinary work, rather more than 30 per cent. over two London circuits; less over the circuits of Manchester, Leeds, Liverpool, and Newcastle, but still a certain proportion there. Those figures, if I had worked them out exactly, would have made the cost at Hull, inclusive of messenger service, nearly 700 *l.* a year. We have taken off a certain proportion of that so as to bring the amount very well within the mark, and have put down the amount I have stated, namely, 470 *l.*

4921. But with regard to the estimate you have given for Hull, is that an office which is peculiarly expensive for the purpose of press work?—It is more expensive for the purposes of press work than some other offices. Now the messenger service is taken at 104 *l.* I have the number of messages which were dealt with at Hull in the week ending the 27th May, and I find that we delivered 1,092 messages by 853 different services of boys. The boys are paid ½ *d.* a docket, and the cost, at that rate, would be for the year (for it is an average week) 128 *l.*; I have taken only 104 *l.* in my estimate. The next sum is the proportionate cost of way-leave with interest on capital sum for putting up the wires and instruments. We make that 159 *l.* 6 *s.* 4 *d.* I stated before, that the press work occupied about 30 per cent. of the wires from London, but I have only taken 25 per cent. of the cost of the wires; therefore that is below the actual cost. The next item is stationery, 21 *l.* 17 *s.* 8 *d.*; fuel, light, and incidental expenses, 24 *l.*; making a total of 1,055 *l.* 3 *s.* 7 *d.*

4922. Have you any reason to believe that the Hull establishment is too large for the work done, or too expensive?—No, I think not. We think the Hull office is a fairly worked office, and not an expensive office.

4923. Have you compared at all the relative expense of different offices doing the same amount of work?—In making the establishment of an office we work to a certain scale, and we reject any proposition which will bring the office above a fixed scale.

4924. Are you aware of any extraordinary differences between offices doing the same amount of work?—The difference can all be explained. There is a difference at first sight, but not in reality.

4925. It was stated that whilst the proposals of the Postmaster General were framed so as to obtain 30,000 *l.* increased revenue to cover the loss, your new charges would cost the Press Association alone 59,512 *l.*, which was far more than you propose to obtain; what have you to say upon that point?—That calculation, as far as I can make it out, appears to be based upon the supposition that the whole amount of news which is now sent will continue to be sent. We believe that a great deal of news (in that we are borne out by the newspaper proprietors themselves) is sent which is of no use. No doubt if the charge was raised the amount sent would be reduced, and the news would also be sent in a more condensed form, and be equally good for the proprietors of newspapers.

4926. You recollect that Mr. Taylor stated that a good deal of news sent by the old telegraph companies went into the waste paper basket; do you think that a good deal of the news sent by the Post Office goes to the same place?—I fancy there is very little doubt that it does so now. I have with me some extracts from some newspapers bearing upon the point. Here is one from the "Freeman's Journal," dated 9th March 1876, in which it says, "The fact is, that the department, and the better class of papers as well, are both over-pressed with these cheap duplicate telegrams.

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Mr. *Patey.*

30 May 1876.

Chairman—continued.

telegrams. We suppose we pay for about ten times as many as we print. Though we get them, and pay for them, so as to insure having the best news from every quarter, we regard them rather as a nuisance, and would be glad to have them reduced in quantity."

4927. Do you think that on the whole that would be the case, that men would pay for what they do not want?—I think so, because reporters make it a practice to send news upon the chance of its being taken. A reporter the other day stated that he was in the habit of speculating upon that chance, and only charged the newspapers the rate for telegraphing. The "Glasgow Herald" only this week states, "There is not a leading provincial paper in the kingdom the sub-editorial room of which is not littered in the small hours of the morning ankle deep with rejected telegraph flimsy;" and I see also that Mr. Taylor's newspaper, the "Manchester Guardian," gives the following: "The press tariff of 1*s.* for every 100 words transmitted during the night, and a like sum for every 75 words transmitted during the day, Lord John Manners does not propose to disturb; but he recommended that there should be a re-adjustment of the charge made for forwarding copies of the same messages to different addresses. The existing arrangement is a most liberal one. The charge is 2*d.* per 100 words for each copy wherever it may be sent. As we understand the memorandum, what is now proposed is that when such copies are intended only for two or more newspaper offices in the same town the present rate should be continued; when on the other hand they are to be more widely distributed, say among the offices of Liverpool and Leeds as well as those of Manchester, each town is to be treated as if the message were addressed exclusively to it."

4928. Have you observed that all the witnesses who attended on behalf of the Press Associations admitted that it would be fair if there were a positive loss proved that that loss should be covered, but that they would prefer that it should be by an increase of the 2*d.* rate instead of by the Post Office proposal of charging 1*s.* for each distinct message?—Yes, I think that all the witnesses agreed in that.

4929. What do you say as to that?—If the Committee consider that the news should be given to the newspapers at a rate not more than sufficient to cover its cost, I think it could be arranged that the copy rate should be raised so as not to hurt the small newspapers, as it has been pointed out they will be hurt by this large increase.

Mr. *Goldsmid.*

4930. Did I understand you rightly as meaning that the raising of the copy rate would not affect the system, whereas the other proposal might?—Yes. Mr. Lovell pointed out the difficulties of carrying out the tariff under the other system.

Chairman.

4931. Mr. Saunders made a suggestion which struck me as being sensible, namely, to apply what he called the service system to private messages; what do you say with regard to that?—The difficulty of carrying that out would be, that if we did it for Mr. Saunders we must do it for any one who sends out a sufficient number of messages, and we should be unable, in a very short time, to do it without great risk of confusion arising. At present we send news under a short heading, say "Central Press, No. 7 Service." I am afraid that after a short time, unless we sent a large number of different distinguishing signals with them, which would come to very nearly the same thing as the addresses, the clerks would be quite unable to say to whom the messages were to be delivered.

Chairman—continued.

4932. You gave the Committee evidence that the amount received for special messages from the press was rather increasing, but that the amount paid for press work by the association was not largely increasing; whereas Mr. Saunders gave evidence to the contrary effect, that he had paid much more lately than formerly; what is the reason of the discrepancy between those statements?—In my evidence I alluded, I think, to the amount paid by the Press Association, but Mr. Saunders, in stating to the Committee what he paid now, compared the payments of the year 1875 with those of the year 1871. If he had compared the payments of 1873 and 1874 with those of 1875, he would not have found that he paid much more. In 1873 he paid 9,118 *l.*; in 1874, 10,251 *l.*; but in 1875 he paid 10,184 *l.*; therefore in the last year the amount has decreased, and it has not very much increased in the last three years.

4933. Mr. Lovell, at Question 4007, stated that you had made some difference in the mode of delivering sporting messages from that of delivering news messages; is that so?—No; we send out sporting and other messages exactly in the same way.

Mr. *John Holms.*

4934. I think you stated just now that the loss to the service is 20,000 *l.* a year under the present system?—Yes.

4935. Has the loss been increasing during the last few years, or has it been pretty much the same?—The amount sent by the agencies, by whose services we make the chief loss, has not been increasing recently.

4936. Was it the same some three years ago?—Yes, it was the same three years ago.

4937. Was it the same five years ago?—No, because from three to five years ago they increased the amount of work sent.

4938. What might the difference be?—In 1872 they only sent 25,000 *l.* worth of news.

4939. But we are speaking about this particular loss of 20,000 *l.*, which you say you incur now; could you go back and say what the specific loss was five years ago?—I could not give you that exactly, but the loss was about the same three years ago as it is now; and I base that calculation upon the fact that we received from the Press Association and Central News then about the same amount as we do now. Two years prior to that our receipt was smaller, and as the loss was chiefly occasioned by the system of charging for their services, the loss would be proportionately less.

4940. Have you any idea of how much it might be in relation to the 25,000 *l.* worth of news sent in 1872?—It would be in the same proportion upon the 25,000 *l.* as the loss now is upon 55,000 *l.*

4941. What would you consider to be the loss now of the telegraph department in relation to the press, compared with the year when you took

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Mr. *John Holms*—continued.

took over the work of the old telegraph companies?—In the first year, 1870, we only transmitted for the press altogether 24,000 *l.* worth as against 55,000 *l.* worth.

4942. Then that loss would be proportionate?—Yes, it would be proportionate.

4943. You have alluded to the difficulty of these cheap telegrams being exhibited outside newspaper offices without being made use of at all for newspaper purposes; is there no way of restricting that?—We intend to restrict it first by stopping the news, when delivered daily to a weekly paper, except on the day previous to publication; and secondly, by insisting that the news shall be used strictly for publication in the newspaper.

4944. Do you think that that will meet the difficulty?—Yes, I am satisfied that it will.

4945. You stated, as an objection to the cheap system, that a large amount of news is sent which is never made use of by the newspapers; is it not the case that different newspapers require different kinds of news?—Yes, they do.

4946. If all those newspapers are enabled to get the whole of the news, so as to select the particular news which may be suited to the requirements of those to whom they sell their newspaper, is not that an advantage?—It is a disadvantage to us.

4947. But it is a great advantage to the newspaper, is it not?—That may be so; but the newspaper editors have to wade through a large amount of matter which they do not want, in order to find out what they do want; and if a more careful sub-editing were done by the Central News and other press associations, they might get what they did require more easily.

4948. But is it not far better to leave it to the recipients themselves to search out what they think best for their particular readers, than to search it out at head-quarters?—Yes; but we have to bear the loss of that system.

4949. But with reference to the advantage to the public, is not the public better supplied by the newspaper proprietors having the whole of the news given to them in order that they may select exactly what their *clientèle* desires?—That may be so.

4950. You spoke of the automatic system; of course if you were to send two original messages of 100 words each, that would bring you 2 *s.*?—Yes.

4951. Whether would the work entailed in giving those two distinct messages be greater than if you gave one message at 1 *s.* and six distinct repetitions at 2 *d.*?—But the second copy of the first message does not necessarily go to the same town, but to a second town; it might go to Hull by the Wheatstone apparatus; from Hull it might be transmitted to Beverley by the ordinary instruments used between the two towns; therefore the Wheatstone instrument would not be of any use in that case; the Wheatstone instrument is only used in 22 towns for news purposes.

4952. You heard the evidence of Mr. Montefiore of Melbourne, did you not?—I did.

4953. He says that in Australia they give to the press 50 words for the rate of 10?—Yes.

4954. You give at the present time 100 words at the same rate as you give 20 to the public?—Yes.

Mr. *John Holms*—continued.

4955. That is the same proportion?—Yes, it is the same proportion.

4956. Do you agree with the principle which has been adopted in Melbourne, that short messages of 10 words (which has been proposed before this Committee to be 12) would not that tap a very large and new class of customers?—I think not; I think there are very few people who would send 12 words for 6 *d.* who do not now send the shilling messages; and it certainly would diminish our revenue by bringing in a large number of messages now sent for a shilling, which could be compressed so as to come under the sixpenny rate.

4957. Even if confined to large cities like London, Manchester, Glasgow, and Liverpool, is it your opinion that such a system would not be remunerative?—I doubt very much whether we should get an increased number of messages to recoup the loss by reducing the charge from 1 *s.* to 6 *d.*

4958. There are one or two other points upon which I wish now to ask you, apart from this altogether; I believe we have it in evidence here that clerks at various stations throughout the country may be called up at any time of the night to go and send messages anywhere?—They may be.

4959. Is that generally known?—It was stated by the honourable Member for Rochester that he was not aware of it; and it is proposed now to insert a notice in the next edition of the Post Office Guide, giving that information to the public.

4960. Could not you also make it perfectly clear at all the telegraph stations, as one of the rules that you publish, that that was one of them, and giving the address at which the clerk might be found?—It might be done if it was thought that it would be a convenience to the public.

4961. Do not you think that it would be a very great convenience to the public?—I am afraid that the public would rather think that they had the right to make the clerk come at any such time; we do not insist upon that now.

4962. You do not consider it a right now, but rather a convenience?—Yes.

4963. And therefore it might be doubtful how far you would wish to publish it too largely?—Yes.

4964. Now, with regard to the telegrams sent by the Government; the Post Office, I suppose, makes use of its telegraphs for its own purposes?—It does.

4965. Do you know how much they pay a year for the use of the telegraphs?—During the last complete financial year prior to the transfer of the telegraphs to the State, the Post Office paid to the Telegraph Companies for messages the sum of 977 *l.* 9 *s.* 8 *d.*

4966. Do you keep at the present time any separate note of what you would pay to the telegraph department for the postal service if you had to pay them?—No, we do not keep a note.

4967. Would it not be well to keep a note to show that?—The telegraph office is part of the Post Office, and therefore it is only taking out of one hand to put into the other.

4968. But would it not be well that the Post Office should keep a note of that which they would otherwise have had to pay to the companies?—No doubt it might be.

4969. Do you know what other departments

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Mr. *Patey.*

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Mr. *John Holms*—continued.

use the telegraphs now?—All the Government offices use them.

4970. Who uses them most?—In the nine months ending the 31st of December last the office using the telegraph most was the Board of Trade. The Board of Trade sent messages to the value of 421 *l.* in the nine months.

4971. Could you give the amount for the year?—The calculation is not quite completed to the 31st of March.

4972. What other departments used the telegraph to any extent?—The War Office sent messages to the value of 380 *l.* in the nine months.

4973. Could you say how much all the departments put together paid?—All the departments put together sent messages to the value of 1,560 *l.* in the nine months, but in addition to that they used wires, the rental for which would have brought in 3,484 *l.* in the nine months; and also we supplied clerks whose salaries are borne upon our establishment, amounting to 1,886 *l.* for the nine months.

4974. How much roundly would you consider that the public departments draw upon you for services?—I have not got the actual details, but I think it would be about 9,700 *l.* for the year to the 31st of March last.

Mr. *Watney.*

4975. Mr. Montefiore stated that in Australia they gave free passes over the railways to supervisors and linemen; you do not do that here, do you?—We have to pay the railway companies in most cases, not quite in all, for the travelling of our servants.

4976. How do you pay them?—We issue a warrant to a man instead of giving him money, when he has to travel, and the railway companies issue a ticket for it, and we pay them upon receipt of this warrant.

4977. Does not your system involve a great deal of account keeping?—Not a great deal; but it was thought better to do that than to hand the money over to the men.

4978. Would it not be better to get a free pass?—But we cannot always do so; we buy a season ticket in cases where a line man is travelling over a district where we find economy will arise from so doing.

4979. In making up your accounts do you take into account the cost of keeping that account?—The accounts are more kept by the railway companies than by us; we only check them.

4980. Do you take into account the cost of checking the accounts?—Yes, we take that in.

4981. You do not think it advisible to give passes to all your officers?—No, only to a few of them.

Colonel *Alexander.*

4982. Can you state the conditions under which telegraphs on roads are erected; is it necessary to obtain the consent of road trustees and private individuals?—It is under the Act of 1873.

4983. Has the Post Office found any difficulty in obtaining the consent of private individuals to erect telegraph wires upon their property?—In some cases it has.

4984. The consent of private individuals to the erection of wires upon their property is only provisional, is it not?—Yes.

Colonel *Alexander*—continued.

4985. I think the Post Office binds itself to remove wires on receiving three months' notice, if it is objected to?—We do.

4986. Sometimes, where you could carry the wires over a field diagonally, you might save considerable expense in that way?—Yes.

4987. And if a private individual refused permission to carry the wire across his field, that would add a certain amount of distance to the wire?—Yes.

4988. Do you know many cases in which individuals have required the removal of wires from their property when they have been thus erected?—We have had such cases from time to time; but considering the number of cases in which wires cross private property the proportion of notices of removal is very small.

4989. What do you do in cases of notice of removal?—We endeavour to induce the owner of the property to withdraw the notice; and if we are not successful we remove the wire.

4990. Do you think that the Post Office should be at the mercy of private individuals in a case of this kind?—The interference has hardly been sufficient to justify our having absolute powers from the State.

4991. Could you suggest to the Committee any means for improving the position which the State occupies in making agreements with private individuals for the erection of telegraphs on their property?—The only thing would be to make it compulsory to allow us to go over their property, and as regards the creation of telegraphs along public roads, the Post Office ought to have greater power than it now has.

4992. You think, in short, that a Government Department like the Post Office should have more extended powers than were given to the old companies in the erection of wires over private property?—I can hardly say that, because I think we have so little difficulty that we should hardly like to raise the question.

4993. What power has the Postmaster General in towns in cases of the erection of telegraphs?—He has no more power than the old companies had.

4994. Do you know what powers foreign companies have in this respect?—I think they must have absolute power abroad; the telegraph wires are carried over almost any property.

4995. That is so in the United States, is it not?—I fancy so.

Dr. *Cameron.*

4996. You mentioned some discrepancy between Mr. Saunders' estimate of what he paid the Post Office and what he said. In taking the payment made by Mr. Saunders in 1875, have you included the telegrams which had been prepaid by him, or on his behalf?—No.

4997. If you had done so that would explain the discrepancy, would it not?—No, it would not be sufficient.

4998–5001. You have not done so at all events?—No.

5002. What is the number of private telegrams you consider necessary to make a wire pay?—It depends on the number of offices upon it, and the number of hours the wire is open.

5003. Have you any idea of the number of press messages required to make a wire pay?—We have done this, that where we have found that

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Dr. *Cameron*—continued.

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that the receipts at any office were not so great as to make it worth while to keep open the office, we have asked the proprietor of the newspaper for whom the office is kept open to make up the difference.

5004. Under the threat of shutting up the office?—Under the expressed intention not to keep the office open; that is to say, where we have an office closing at eight o'clock, and the proprietor of a paper wished the office to be kept open until 10 o'clock, we should calculate the receipts we expected to obtain, and see whether they would equal the expense of keeping the office open during the two additional hours.

5005. Was Mr. Saunders' consent ever asked to the proposed arrangement for running messages together?—No, but he has taken advantage of the averaging, which is made under the same arrangement, and he continues to have that advantage.

5006. Talking about averaging, and so on, you say you believe you have power to change the system of counting adopted at present?—Yes.

5007. And you say the Press Association did not contend for the adoption of the present system as a legal right?—No.

5008. Therefore, as I put it to you the other day, you must have been giving them something you were not bound to give them?—Yes.

5009. You are aware that if any charge were made the matter would require to be decided judicially?—Mr. Lovell stated so; we think not.

5010. Have you made any arrangement with him for trying it?—We told him that if he wished anything done in that way we would charge him, and he could take the case before a court of law.

5011. This is a matter which could be decided by a legal tribunal?—It could, at once.

5012. You have stated in evidence frequently that the loss on news messages was 20,000 *l.* a year; will you give the Committee some reason for that belief?—If you argue from the case of Hull you will find it very much more than that sum.

5013. How would you argue from the case of Hull?—If upon a receipt of 320 *l.* our loss is 720 *l.*, how much would we lose upon 55,000 *l.*?

5014. Is that the way in which you have arrived at your calculation?—No, we have taken other cases, and we find they work out to a proportion which will bring in a loss of about 20,000 *l.* a year.

5015. What other cases did you take?—I gave you the case of what is known as the northern news-wire; and there the loss, you will find, was very large compared with the receipts.

5016. How did you work out a loss there; did you work it out on the same principle as in the case of Hull?—Yes, by actual figures from every office to which news was sent by that wire.

5017. In the case of Hull, I think you made sundry charges for proportion of way leave maintenance, and so on?—Yes, 159 *l.*

5018. You charged, at the London end, superintendence, 2 *l.* 16 *s.* 4 *d.*?—£. 2 16 *s.* 4 *d.* was the supervision in the secretary's office.

5019. Supposing Hull were knocked upon the head altogether, would you save that 2 *l.* 16 *s.* 4 *d.*?—Unless all news were stopped we should very likely not.

5020. Then you put down for accounting, 10 *l.* 19 *s.* 7 *d.*?—Yes.

5021. If Hull were knocked upon the head, would you save that 10 *l.* 19 *s.* 7 *d.*?—I give the same answer as before, with reference to the secretary's office.

5022. That is to say, the money would not be saved?—Quite so.

5023. Then you take the intelligence department, 11 *l.* 17 *s.* 7 *d.*; if Hull were knocked on the head, would that be saved?—Certainly not.

5024. So that without going through the whole matter, such as the superintendence and manipulation, not one of those items would be saved if Hull were cut off from the list of news-receiving towns?—I am not prepared to say that. I think upon the aggregate we should save something. I should certainly say that in the items of supervision and manipulation at the central station in London, receipt of the news at Hull, messenger service at Hull, proportion of cost of wires and instruments at Hull, and stationery, we should save; and also in the items of fuel, light, and incidental expenses.

5025. What would you save in superintendence and manipulation of the telegraphs?—I could not say, a proportion only out of the gross amount.

5026. Therefore, if Hull were knocked from out of the list of news-receiving towns, could you reduce your cost of superintendence in Telegraph-street by one sixpence?—Yes, because we should not have so much work to do, and therefore so much superintendence would not be required.

5027. Have you a supervisor for Hull?—For Hull in its proper group.

5028. But for the news section of the Hull department?—No.

5029. Therefore, if Hull, as a news-receiving town, were knocked out of the list, you could only save a fraction of the supervisor?—That person could do for the same wages some more work.

5030. That would depend upon whether you had a fractional part more work to be done. Now you say that the cost for supervision and manipulation included punching?—Yes.

5031. Do they use the Wheatstone instrument at Hull?—Yes.

5032. Would not the same amount of punching be required in the case of Hull being knocked out of the list?—No, I think not.

5033. Is there any separate service sent to Hull which is not sent elsewhere?—Yes, there are some special messages sent to Hull.

5034. You told the Committee that special messages paid?—Yes.

5035. Therefore, I have not been taking into consideration the special messages at all; we have been talking of duplicate messages. You make a profit even upon the special messages sent to Hull, do you not?—Yes, because they are telegraphed at the 1 *s.*, and not at the 2 *d.* rate; but if you leave out of calculation these special messages our receipts would be 270 *l.*, and not 320 *l.*

5036. Special messages have nothing to do with the copy-rate?—In some of those prepaid messages there might be some at the 2 *d.* rate; we should lose upon those if there were many.

5037. But upon these special messages you speak of?—Some of them would be at the 2 *d.* rate.

5038. But you are distinguishing between prepaid and credit messages?—No, I am distinguishing between the messages sent by the Central

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Dr. *Cameron*—continued.

Central News or Press Association and those sent by the special correspondents of the newspapers.

5039. What difference is there between the news sent by the Press Association and the Central News, and the multiple messages from ordinary correspondents?—The messages from ordinary correspondents do not go to so large a number of places as those sent by the Press Association or Central News.

5040. They are not special?—They are special in that way.

5041. Will you apply the term exclusive messages to special messages, and multiple messages to those which are the ordinary press messages, otherwise we shall have a confusion about the terms. Now you say that the messenger service at Hull costs 104 *l.* a year?—That is a low estimate.

5042. How many papers are there in Hull?—Five.

5043. How many daily newspapers are there?—There are two daily and three weekly newspapers, I think.

5044. And you make up this 104 *l.* by saying that there are so many messages sent out at ¾ *d.* a-piece?—Yes.

5045. Do you send out each message separately?—No.

5046. And yet you make up your computation on that basis?—No, pardon me, I do not.

5047. How do you make it up?—The number of messages sent out last week was 1,092; they were sent out by 858 journeys of boys, of which 66 were not paid for, being delivered by boys going to the Exchange; the remainder, 792, were paid for at the rate of ¾ *d.* each, which makes 2 *l.* 9 *s.* 2¼ *d.* for the week, or 127 *l.* 17 *s.* 9 *d.* for the year.

5048. Is it not the fact that in a great number of offices the delivery is done, according to the estimates, for ½ *d.*?—In some offices it is.

5049. Is it not the fact that in some offices the delivery is done at a fixed rate?—Yes.

5050. In such cases the pay is not more than 8 *s.* or 9 *s.* a week?—About 8 *s.* or 9 *s.* a week is the average.

5051. How many boys would it take to keep Hull going?—I should think six boys a day, that is for delivering news messages alone.

5052. Do the papers publish daily editions, at night as well as in the morning?—The "Morning Telegraph" is published later in the day than the "Eastern Morning News."

5053. Did you, even in the case of Hull, allow messages to be called for by the newspaper people?—No. In addition to the newspapers, we deliver news at four other places.

5054. And you charge the whole of the 104 *l.* against those press telegrams?—Yes, because the messages delivered at those four other places are sent at the press rates; therefore the whole of the 104 *l.* is on account of press work.

5055. You spoke about there being 62,000 ordinary and 11,000 press messages from Hull, and, as I understand, you gave that as the basis for some of your calculations as to expenditure?—Partly, taken with the amount of the work upon the wires.

5056. Did you ever try the same thing as respects messages over the country; can you tell how many words are sent to the press per annum?—Yes, 220,000,000.

5057. And how many are sent by the public?—We have 20,000,000 telegrams, and taking them at 30 words each, that is 600,000,000.

5058. Are there 30 words in a telegram?—About that.

5059. Is not the average price of a telegram 1 *s.* 2 *d.*?—No, it is just 1 *s.* 1 *d.*

5060. If it is 1 *s.* 1 *d.* that would give you an average of less than 30 words?—You must count the addresses.

5061. Did you count the addresses in that 220,000,000?—No, the addresses are not counted in the 220,000,000.

5062. Then you should not count the addresses in the others?—Yes, I should; because the amount of words in the address is very different in that case. In the case of press messages you may take it as four words for each address; and in the other, that is, in the case of the ordinary messages, it is about 12.

5063. You say that a loss of 20,000 *l.* occurs in 220,000,000 words transmitted to the press?—Yes.

5064. And that a loss of 35,000 *l.* occurs upon the 600,000,000 transmitted by the public?—I do not say so at all.

5065. What is the loss on public messages?—I am not prepared to say what is the loss on public messages. I think the public messages pay.

5066. You have seen the report of the Postmaster General; in that report, I think, he says, he admits that the real loss on the working of the telegraphs is 55,000 *l.* a year?—He says, that taking the back years and adding the amount together, and dividing it by the number of years, it comes to about 55,000 *l.* a year.

5067. At the present moment you think the telegraph service positively pays?—It does not pay, because it does not pay interest upon the money which has been raised.

5068. But the estimate of the Postmaster General includes the interest of the money?—Yes.

5069. What he does is to subtract from the apparent loss upon the department the sum chargeable to extensions and other matters properly chargeable to capital, and he says the actual net loss, counting interest on capital, is 55,000 *l.* a year?—Yes.

5070. If you say that the loss on press telegrams is 20,000 *l.* a year, you have 35,000 *l.* to account for?—Yes; that arises upon certain obligations which we have to meet.

5071. What obligations are those?—The payments to railway companies, which are heavy.

5072. For what?—For way-leaves, and so on.

5073. That is a charge perfectly justifiable in being put down to revenue, is it not?—We say not; because they are not way-leaves properly so called; they are deducted, as you will see.

5074. I have asked you, and you said yes, whether the Postmaster General admits 55,000 *l.* loss on the entire working of the system; you account for 20,000 *l.* by the loss on press messages; how do you account for the other 35,000 *l.*?—I am not prepared to say.

5075. Must it not fall upon messages other than press messages?—I do not think it does necessarily.

5076. On what other class of messages does the loss fall?—There are no other forms of messages, except ordinary messages after the press messages.

5077. Then

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Dr. *Cameron*—continued.

5077. Then the loss must fall upon them?—In that way it does.

5078. Do you propose, in order to recoup your loss upon press messages, to cut them down?—I said they might be condensed.

5079. You propose to cut them down from 59,000 *l.* to 30,000 *l.*?—I said that I thought Mr. Lovell had given that as the cost to his association, supposing the same amount of news that is sent now will be sent in future, whereas we think it might be cut down.

5080. Did it ever occur to you to cut down the amount of public messages sent, in order to decrease the loss that is suffered by the department upon their account?—No, as I have already stated, public messages pay.

5081. Therefore you apply a different system in one case from what you do in the other; now, you said that if certain classes of news were allowed to be sent to individuals at press rates it would interfere with the ordinary revenue of the Post Office?—Yes.

5082. You instanced the case of the Bank rate; is there any other class of news to which that observation would apply?—All sporting news, I should think.

5083. And any other class?—No, those are the only things of public interest which touch the pockets of the people.

5084. With reference to sporting news, you said that you were having a great number of telegrams sent direct to hotel-keepers at commercial rates?—Yes.

5085. Where do they come from?—From the race meetings.

5086. Who sends those messages?—The persons desired to do so by the hotel-keepers.

5087. The messages are not sent by professional correspondents, are they?—Mr. Saunders said that he sent some of them.

5088. Mr. Saunders said that he sent instead of some hundreds of thousands of messages per month, he now sent out only about 1,000 per month?—I do not think he specified that.

5089. Do the other messages come from ordinary newspaper sporting correspondents, so to speak, or from private individuals?—From both.

5090. Do many come from sporting correspondents?—Yes.

5091. Those you recognise by their being handed in in batches with a number of different addresses?—Yes, but the private ones are also handed in in the same way.

5092. You quoted three newspapers with reference to the mass of useless matter which was sent along the wires; are you aware that a large amount of useless matter is sent by the post?—It may be; in fact, it is so, I believe.

5093. That there probably is a large amount of correspondence which is highly paid for, which is thrown aside?—I know that also.

5094. In your previous evidence, you gave the case of a newspaper which had paid high rates for a special message, somewhere about 9 *l.*, of which it was unable to make any use?—That special message would be what you called a multiple message.

5095. Still it was at the higher rate?—It was not at the 2 *d.* rate; it was at a higher rate than the 2 *d.* rate.

Dr. *Cameron*—continued.

5096. It was still thrown away and was not used?—It was.

5097. So that the circumstance of whether an office uses or does not use matter sent to it has nothing to do with the cost of transmission, but has regard to the exigencies of the paper?—I do not think that follows at all; in some cases it is thrown away, because it is useless; in other cases, as in this case, it is, because the proprietor has a large amount of other matter, and therefore could not publish it all.

5098. Do not you think that if telegraph matter was very high in price, its tendency would be to increase the mass of useless matter which is printed?—I should not like to say so.

5099. You do not think that any sort of rubbish sent at 1 *l.* for 20 words would be inserted, whereas the more humble and twopenny telegraph, if not intrinsically worth printing would not be printed?—I do not think that correspondents would send useless stuff at the rate of 1 *l.* for 20 words.

5100. You do not read many papers, do you?—I read a good many.

5101. In talking of special wires, you said that the cost of way-leave and maintenance should be added?—I said it was open to argument that it might be.

5102. What argument would you use?—As the wire is used as a special wire for a portion of the 24 hours, so against the rental paid for its use as a special wire should be charged a proportionate cost of the way leave and maintenance of the wire.

5103. Going to another point, you contradict Mr. Taylor's evidence with reference to his having received messages at a guinea a column?—I did.

5104. You are not aware that that was during the time when there was competition to Manchester?—It may have been, but I think that that was not so.

5105. You are not aware that formerly the telegraph companies used to make a stated charge for the reporting and collection of those special messages, and divided that charge among any number of newspapers that might take that message?—I know that; but this was a special case with that newspaper.

5106. Are you not aware that this system which Mr. Taylor spoke of, went on for some months during a period of peculiar competition?—I understood from Mr. Taylor that he alluded to 1868, when there was not that competition.

5107. You speak about losing 2,000 *l.* upon the messages which you used to send to public-houses, and saving 3,000 *l.* in the delivery; how do you deliver your news messages at present?—Generally we deliver them by boys.

5108. Upon the principle mentioned by Mr. Lovell of what I think he termed circuit deliveries?—I do not think Mr. Lovell quite stated that.

5109. Mr. Lovell stated that there were two sorts of deliveries; you have given evidence with regard to that?—No, there are not two kinds.

5110. How do you deliver your messages?—By sending out boys with the messages. In Hull, if a message is delivered for three of those newspapers, it is taken out by the same boy; if for four addresses, it is taken out by two boys;

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Mr. Patey.

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Dr. Cameron—continued.

three messages by one boy, because the three addresses are close together, and one by a second boy for the fourth address, which lies in a different direction.

5111. How do you make out a saving of 3,000 *l.*?—By stopping the payments for numerous separate deliveries.

5112. In those places you send to, there must be a number of public-houses and news-rooms in the same district?—But a great many of the sporting houses are in separate towns where news was not supplied to newspapers, but only to public-houses.

5113. Then in those cases you make out a saving?—In those cases we have a larger saving than we have in other cases.

5114. In other cases how do you make any saving at all?—Because there are less boys engaged in the delivery.

5115. You do not send the boys to the public-house, do you?—Yes; the public-houses were not in the same direction.

5116. You make out, with regard to Hull, you should have charged the Hull expenses at 700 *l.*?—That is what the Postmaster of Hull thinks the cost of dealing with news at Hull is.

5117. And what you charged is 470 *l.*?—His estimate includes a sum of 128 *l.* for delivery.

5118. That will not bring it up to 700 *l.*?—No.

5119. But you make large deductions?—Yes, so as to be well within the mark.

5120. An estimate based upon these wild and random deductions cannot be very accurate?—But I deny that they are wild and random.

5121. I ask you whether you have any item which you can give of this 3,000 *l.* saving which will lead the Committee to imagine that it is correct?—Upon the stoppage of those hotel telegrams we sent a circular to the surveyors and postmasters, telling them that would be stopped after the 31st of December last, and asking what reduction could be made in the number of their messengers, and as a matter of fact the messenger force has been reduced in a great number of towns.

5122. Have you any details of that reduction?—I will take the case of an hotel at Liverpool, to which we had to send messages at an expense of something like 10 *s.* a week for message service alone, and received only about 3 *s.* 5 *d.* a week.

5123. You do supply news to some hotels, do you not?—No.

5124. Not to the North Western Hotel at Liverpool?—I believe not.

5125. When did you stop it?—We stopped altogether sending messages to hotels on the 31st of December last.

5126. You have told the Committee that no news is supplied to the North Western Hotel at Liverpool?—Not by us.

5127. Of course, anything coming from the Central News would come through you?—Not necessarily; it might be copied in Liverpool and sent out to the hotel.

5128. Do you supply clubs?—Yes, we do.

5129. Upon what principle do you do that?—We are told to do so by the Act; it is specially laid down in the 16th clause that clubs may be supplied at press rates.

Dr. Cameron—continued.

5130. You criticised Mr. Taylor's evidence, and said you proposed to make the same charge as the old companies?—Yes.

5131. I think we find here in your previous evidence at Question 3457, you are asked this question: "Therefore, the cost at the present moment is as nearly as possible what it was under the old system?" to which you reply, "Yes."—Mr. Taylor was speaking of the cost of messages, and I think he said that a message, however short, was charged at the full rate, whether it contained the full number of words or not.

5132. But you propose to do something very different in the case of multiple messages?—Yes.

5133. And what is done at present is what was done under the companies in the case of multiple messages?—But there is a little confusion about that; Mr. Taylor was speaking of special messages; you are speaking of multiple messages.

5134. But special messages are as they were under the old companies?—Yes, except as regards the length and price.

5135. The other messages are as they were under the old companies, are they not?—No, I think not, but it works out in that way.

5136. With regard to the complaints about delays, you maintained, I think, upon the previous occasion, that it was extremely necessary to avoid delays of any sort?—That is what the newspaper proprietors tell us.

5137. But irrespective of the press; take the Stock Exchange. I have a letter complaining that it required 2½ hours to communicate between the Aberdeen and Liverpool Stock Exchange?—Yes; there are people there who are always asking us to give a Stock wire to Aberdeen.

5138. How do they go to Aberdeen?—The messages go over the ordinary wires generally.

5139. Do you send the messages from Aberdeen to London, and then round to Liverpool?—No; a message would go to Edinburgh or Glasgow, and then from Edinburgh or Glasgow to Liverpool.

5140. They complain that there is a similar delay between Aberdeen and Manchester?—Yes, the message goes over the ordinary circuits.

5141. Here is a Return procured by the honourable Member for Greenock, pointing out a great number of cases in which the messages between Greenock and Glasgow take as much as 55 minutes, and 45 minutes, and so on up to an hour?—That station was opened for the convenience of persons who live in Greenock near the railway station; those messages are sent not over postal wires but over railway wires.

5142. What is the delay occasioned by?—By the press of railway telegraphic work.

5143. Can you inform the Committee whether the Postmaster, from whom Mr. Grieve obtained the information which led him to ask for this Return, was reprimanded for giving it at his request?—The Postmaster stated that he did not give it to Mr. Grieve.

5144. Was he reprimanded upon the supposition that he did?—He was called upon to explain why he had given such information.

5145. He

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Dr. *Cameron*—continued.

5145. He was not reprimanded?—He was called upon to explain, and he was told that his explanation was satisfactory.

Chairman.

5146. You have been asked by the honourable Member who has last examined you, whether, as you propose, by high charges to diminish the amount of news sent through the Press Associations, it would not be equally reasonable to diminish the amount of news sent by public messages. Is it not your opinion that where 2 *d.* is paid for 100 words in one case, and 1 *s.* for 20 words in another, it would scarcely be reasonable to look for the same diminution in the one case as in the other?—I think so.

5147. In taking Hull as an example, you stated that the loss there was greater than in other places?—It was.

5148. And you do not take that proportion, and apply it generally, saying that as Hull costs so much, therefore all the press news of the country costs so much?—No.

Chairman—continued.

5149. It was a case taken to show us the extreme?—It was taken in the first instance, because a deputation waited upon the Postmaster General, which was introduced by Mr. Norwood, the Member for Hull, and the return was prepared in order to show the loss entailed upon the Post Office by the transmission of news to Hull, and it was used now because we wished to show that it was an extreme case.

Dr. *Cameron.*

5150-52. You spoke with regard to a change in the copy rate; have you thought over any proposal with regard to that?—The proposal before the Committee is a shilling rate for extra towns; it depends upon what the Committee say, whether we are intended to make a profit or only to obtain sufficient to cover the cost, whether a higher copy rate should be charged instead of the rate proposed.

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Tuesday, 13*th June* 1876.

MEMBERS PRESENT:

Colonel Alexander.	Mr. Goldsmid.
Mr. Cavendish Bentinck.	Mr. Leveson Gower.
Dr. Cameron.	Mr. John Holms.
Mr. Cubitt.	Mr. Ripley.
Mr. William Beckett Denison.	Mr. Watney.

THE RIGHT HON. DR. LYON PLAYFAIR, IN THE CHAIR.

MR. STEVENSON A. BLACKWOOD, called in; and Examined.

Mr. *Blackwood.* 13 June 1876.

Chairman.

5153. WHAT is your position in the Post Office?—I am Financial Secretary.

5154. What was your position in the Treasury before you went over to the Post Office?—First-class clerk.

5155. Is the Financial Secretaryship of the Post Office a new appointment?—It is; it was created in October 1874.

5156. Were you appointed to the Financial Secretaryship by the Postmaster General, or by the Treasury?—I was appointed by the Postmaster General, with the concurrence of the Treasury.

5157. What are the special objects for which the office was created?—It was considered by the Treasury that the financial control of the Post Office was imperfect; that the Post Office, being a great spending department, and a great revenue department at the same time, it was desirable that the financial control should be at least as strong as it is in the case of the War Department and the Admiralty; that the Treasury required more information upon financial matters, and that the Postmaster General himself stood in need of an officer who would look at proposals from a financial point of view solely; that it was hardly to be expected that officers who were concerned in carrying out the administrative work of the Post Office should look at those proposals so much from a financial as from a successful administrative point of view, and that therefore the creation of the post of Financial Secretary was desirable.

5158. Will you inform the Committee what is the general character of the duties which you perform as Financial Secretary?—From what I have stated, it will be seen that I am responsible for the general supervision of the financial arrangements of the department. I have to see that the expenditure takes place only under proper conditions, the Receiver and Accountant General bringing to my notice any departure from those conditions; to see that all proposals involving an increase of expenditure, except such as are automatic, are under the conditions and within the lines laid down by the Treasury. As Financial Secretary I take cognisance of all proposals for alterations of establishment, purchase

Chairman—continued.

of stores, works, and maintenance, private wire extensions, and extensions of a general kind; no proposal being carried out without passing under my review. I am responsible for the preparation of the Estimates, for the rendering of the Accounts of the Parliamentary Grants to the Comptroller and Auditor General, and I watch the progress of the receipts and the expenditure.

5159. What steps have you taken since your appointment to produce increased financial order in the Post Office?—I can hardly say that any particular steps of any magnitude have been taken. Previous to my appointment the Treasury had looked very closely into the financial administration of the Post Office, and had instituted certain checks which would bring any irregularity to light, such as the rendering of periodical accounts to the Treasury, the requiring of the Receiver and Accountant General to obtain the Postmaster General's authority for all expenditure, and to bring to his notice wheresoever his authority was insufficient. Those steps having been taken, and the post of Financial Secretary having been created, the financial system of the Post Office was, I may say, on a proper basis. The system seems sound; the missing link of an officer of sufficient rank to interpose practically a veto (subject to the authority of the Postmaster General) upon any irregular expenditure having been supplied, all else seemed to be in proper order; and the changes which have been carried out under my direction, are only of a smaller character, such as to supplement the different lacking parts, and bring them all into harmony.

5160. Before I go into the financial question, you have been sufficiently long in the Post Office to know its general organisation, have you not?—I have, I think.

5161. Some evidence has been given to this Committee to the effect that the practical working of the Telegraph Department is entrusted to a principal clerk, and not to one having the rank of an assistant secretary, such as exists in several other branches of the Post Office; what is your opinion with reference to that subject?—I am disposed to think that under the present circumstances the arrangement now in force is practically

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Chairman—continued.

the best. It may be desirable at a later period to alter that organisation.

5162. Do you care to state your reasons why you think so at present?—My reasons are these, that the Treasury having insisted, and rightly insisted, upon a complete amalgamation of the Telegraph and Post Office branches of the service, it is extremely desirable that the whole should be under one management, namely, under that of the Secretary. The bane of the administration of the Telegraph service may, I think, be said to have consisted in the fact that there was a dual authority. If an assistant secretary at present were placed in charge of the Telegraph Branch, it would, to a certain extent, revive that evil. A principal clerk is less independent, and I think is more under the immediate direction of the Secretary, and is therefore less likely to commit the department to any independent line of action.

5163. But does not the principal clerk at the present moment act upon his own responsibility and perform a good deal of the work without the immediate intervention of the Secretary?—He only acts upon his own responsibility within very strictly defined limits. He is guided by precedent and by custom, having the force of precedent, and he would incur a grave responsibility if he overstepped those limits.

5164. But, practically, neither the Secretary nor the Financial Secretary at the present moment has, or probably ever will have, any thorough practical knowledge of the system of telegraphs; does not it practically result, therefore, that the principal clerk acts as assistant secretary and carries on the business?—I do not think so; I do not think that it can be said that the principal clerk has much more technical knowledge than the Secretary or the Financial Secretary. The real technical work of the department is carried on by technical officers; the principal clerk is only responsible for putting our proposals into shape and submitting them to the Secretary, and to my mind no more technical knowledge is necessary for the administration of the department, than in the case of the First Lord of the Admiralty any technical knowledge of building ships is necessary. It only requires administrative knowledge and common sense.

5165. Is it not the fact that the principal clerk has been for a long time engaged in that department, and that the Secretary is quite new; must it not result that the principal clerk necessarily does the work, and that the Secretary must be guided by the principal clerk, instead of the principal clerk being guided by the Secretary?—The Secretary has to form his opinions upon the facts submitted to him by the principal clerk, but I do not think you can say he is, to any practical extent, guided by him. I do not think that that is the result.

5166. You think that the principal Secretary would be very much in the position of the Postmaster General, who does not possess technical knowledge, but who is capable of taking a common sense view over the whole subject?—I think so.

5167. One of the witnesses, Mr. Winter, gave the Committee evidence that there was much more routine in the management of the telegraphs under the Post Office than there used to be under the old companies; do you see any necessity for that?—I think it is almost unavoidable. A Government Department is quite dissimilar from a public company. We are fettered and restricted on all sides by Acts of Parliament, Treasury regulations, the necessity of an Appropriation audit, and the Civil Service Commissioners and their examinations; it is insepa rable from the circumstances of the public service that there should be a considerable amount of routine and formalities, in order to comply with the regulations, and I do not see, except in some small matters of account between the engineering branches and the Receiver and Accountant General's Department, how they can be materially lessened.

5168. Do not you think that the evidence that was given to this Committee, that reports were made in triplicate, and that accounts were frequently made in duplicate, implied an amount of routine which was a waste of public resources?—Yes, I think that may be lessened to a small extent, but I should not be prepared to say that it would go very far.

5169. Would you not say to a considerable extent, that a triplicate report might be given as one, and a duplicate account as one?—I have no doubt that if the proposals which are now under consideration are carried out concerning the reduction of the engineering staff, and if one of the classes of officers is abolished, either superintendents or inspectors, the saving of a report can be effected there.

5170. But in your own branch of accounts, do you not see any mode of simplification. We were told that accounts above 100 *l.* were kept in one way, and accounts relating to under 100 *l.* in another way. Do not you see any mode of keeping your accounts in a simpler manner?—I hardly think so at present; the matter would of course receive our consideration, but I am not prepared to advocate any change at the present moment.

5171. The same witness was asked whether the purchase of stores might not be done by an independent officer, as is the case in the Admiralty; what is your opinion on that point?—The circumstances there are rather different. The Admiralty purchase stores annually to the amount of over 2,000,000 *l.*; the Telegraph Department purchases to the amount of about 50,000 *l.* or 60,000 *l.* I think in that case it is hardly necessary and certainly not economical to have an officer specially deputed to that work; the checks that we now have, and which will be carried out, on the supposition that the Treasury approve the proposals which have been put before them for the organisation of the Store Department, will I think afford the public all due security.

Mr. *Goldsmid.*

5172. I asked the witness that question, but I did not mean that there should be a separate officer appointed to be the purchaser of stores for the Telegraph Department, because I did not think it sufficiently important, but whether it would not be possible to employ some officer engaged in purchasing stores for some other public department, in purchasing your stores. Do not you think that that would be possible?—I hardly think that that would be advisable. I think that if the proposal of the Select Committee which sat a couple of years ago were carried out, that the purchasing officers of different departments should meet together and confer from time to

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Mr. *Goldsmid*—continued.

time, we should get all the advantages of such a scheme.

5173. And make a sort of purchasing committee?—Yes.

Chairman.

5174. I hope you will agree that it is desirable to press that report upon the attention of the Treasury, because it has been given to us in evidence, that the purchases of telegraph stores are, at the present time, made without public competition, or upon public competition to a very limited extent?—So far as I know the Treasury are quite prepared to adopt the proposals of the Departmental Committee on Stores; at the same time, I must say, I think public competition for telegraph stores can hardly be carried out indefinitely, and without limitation. It was only the other day (I may mention this by way of illustration) that the honourable Member for Rochester was asking how it was that only two firms in the United Kingdom were able to provide the necessary telegraph wires. We have had occasion to buy some, or to enter into negociation for the purchase of wire within the last fortnight. I directed public tenders to be called for, and the result is, that we have had one tender only in the United Kingdom, and one from a Belgian firm.

Mr. *Goldsmid.*

5175. But might not that rather be in consequence of their knowing, or believing, that you could only take this one particular sort of wire?—Of course our specification is very strict, and we must have the best article.

5176. We understood that the specification of the wire was prepared in accordance with the particular plan of manufacture, of one particular manufacturer, consequently, if no other manufacturer manufactures in that way, would not that confine you to one particular manufacturer?—I hardly recollect that being stated in evidence, and I think there must be a misapprehension upon the subject; the proof of it lies rather in this, that the firm which has hitherto supplied us has declined to tender upon the present occasion, because the specifications are too high for it.

Chairman.

5177. Sir Lintorn Simmons, in his evidence, suggested that it would be economical if the War Department could obtain telegraphic stores from your department; do you see any objection to that course being followed?—It would be economical to the State, but not economical to the Telegraph Department.

5178. Not if you provided it at full cost price?—It would not matter at what price it was provided, since there is a rule of the Treasury, that there shall be no inter-departmental payments, that the department which controls and executes the service, and therefore purchases the stores, shall charge the expenditure to its vote, and that there shall be no repayment by the department for which it is purchased.

5179. Therefore it would be a charge against the Post Office, would it not?—Yes.

Mr. *Goldsmid.*

5180. And would economise the Estimates of the War Department in consequence?—Yes, it would; that is a very salutary rule in some respects; the Navy provides all the transport for the Army, and the Army provides all the guns for the Navy, and it would lead to the National Accounts being swelled to a very large extent on both sides if they had to charge the cost on their own Votes, and then repay. But I think there is a limit to that rule, and that it ought not to be applied to a department which is bound to show a profit and loss account of its own transactions.

Chairman.

5181. How do you regard the suggestions made during the course of the evidence, that it might be possible to use the postal surveyors to supervise certain engineering duties in their districts?—I am perhaps hardly possessed of sufficient experience of postal administration to form a valuable opinion upon the point, but so far as I can form any opinion, I am rather inclined to think that it would be undesirable; I think that a postal surveyor, if he does his duty in respect of his postal work, must be fully occupied; that if the superintendence of technical duties is imposed upon him, he must to a very great extent be dependent upon his technical assistant, and must be completely ruled by him, or else must incur the great responsibility of opposing him upon matters of which he has himself but an imperfect acquaintance.

5182. Just as the Secretary must be, under the same circumstances, namely, the want of technical knowledge, very much at the mercy of the technical officers of the department; is not that so; why should the surveyor not be able to control by his common sense the small duties of his technical officers if you are going to entrust him with the high technical duties of managing the instruments in an office?—He might be able certainly.

5183. Is it not your opinion that it is very desirable to amalgamate as much as possible the postal and telegraph systems into one large department?—It is.

5184. And you are aware that that has been done elsewhere where the Post Office and the Telegraphs are worked together?—Yes, I believe it has.

5185. Do not you think if there is any difficulty in the surveyors not possessing that knowledge fully just now, that you would desire them to possess, it would be desirable to entrust the duties to those surveyors who do possess the knowledge, and not to appoint any new postal surveyors who have not a thorough knowledge of both duties?—And thus to carry out the idea by degrees?

5186. Yes?—It certainly might be tried upon a small scale; we might take a district or a surveyor's division, and try it there, but it will be a great experiment.

5187. Is not that the only way in which you can get a thorough amalgamation. As I understand the evidence, every witness says that the office work which involves the largest amount of technical knowledge, should be undertaken by the postmasters and the surveyors, and that the office should be managed within itself, and not by engineers from London or by their staff; would it not be the mere logic of that to carry it out at the branches which are less technical in the same districts, and to get a thorough amalgation of the two systems?—Logically it might seem to be so, but one cannot always carry out logical conclusions in practical life.

5188. But if you have the logical conclusions in

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Chairman—continued.

in your mind, could not the Post Office show its sense of the importance of those conclusions, and take care that it did not appoint any new postal surveyors who had not a thorough knowledge of both systems?—That is certainly possible.

5189. I wish to ask a few questions about the financial relations of the Royal Engineers to the Post Office. Why was it that the Postmaster General recommended the withdrawal of the Royal Engineers upon the ground of economy?—Simply because he was pressed by the Treasury Committee to take steps for the reduction of expenditure, and that as we have sufficient men to carry out the engineering duties of the whole country without the Royal Engineers, it is manifestly an unnecessary charge upon the telegraph revenue to employ them.

5190. But supposing that it was a State advantage that the Engineers should get experience in the telegraph service, would not there be economy in reducing the number of civilians employed, in order to obtain that State advantage of using the Royal Engineers?—The present disadvantage of that would be, that we should have to pension off a number of men who are doing good service, and would have to be highly pensioned.

Mr. *Goldsmid.*

5191. And in time of war, you might also run the risk of losing the services of the engineers?—Yes, there is that additional disadvantage. I might say that neither the Postmaster General nor any of his officers are opposed to the employment of the Royal Engineers. Upon national considerations, it is no doubt a very expedient and desirable arrangement, but being pressed to reduce expenditure we were bound to recommend their withdrawal.

Chairman.

5192. But supposing any clearly ascertained expense were paid for by the War Office, would you see any difficulty in their employment?—None at all. If the War Office would pay us the amount which it costs us for instructing their soldiers, we should be quite ready to do it.

Mr. *Goldsmid.*

5193. But you cannot do that according to the rule which you have mentioned?—According to that rule we cannot.

Chairman.

5194. But supposing they allowed you to make a certain deduction in the return of your expenditure and revenue, that would amount to very much the same thing, would it not?—Under the system according to which the Appropriation Accounts are at present prepared, such a deduction could not be made. It could be shown, no doubt, by way of note to the Annual Parliamentary Account.

5195. It is simply a question of cost?—That is all.

5196. With regard to time of war, I think it was stated to this Committee in evidence that the engineers could provide for that readily in ordinary service, and that the short service system would give you a large number of telegraph engineers if you chose to employ the old military telegraphists?—That would meet our necessities to a great extent, I have no doubt.

5197. Now what is the total capital authorised by Parliament for the Telegraph Department?—The last Act; the Act of this Session has raised the amount authorised to be borrowed to 9,750,000 *l.*

5198. How has that capital been raised?—By the Treasury authorising the Bank of England to create so much stock on account of the National Debt Commissioners.

5199. And by Parliament in the first place passing an Act authorising the Treasury to do so?—Yes.

5200. When Parliament gave power to the Treasury to authorise the National Debt Commissioners to raise capital, was that capital paid in the usual way into the Consolidated Fund?—No.

5201. Then it never appeared in the national accounts of the country?—No.

5202. Is there any other instance where it has been so treated that you know of, except the one instance in 1835, where the amount of compensation for the abolition of slavery was not paid into the Consolidated Fund?—I am not aware of any other.

5203. In the manner in which it has been done through the Commissioners of the National Debt, has the matter come under the cognisance of the Comptroller General and the Audit Office?—Not in the way in which all other monies raised for the public service come under his cognisance.

5204. There have been no warrants from the Comptroller and Auditor General for the payment over?—No, not in that sense.

Mr. *Goldsmid.*

5205. There has been a separate audit of the capital account, but it has not been properly treated as debt?—No; it has not been treated as the public debt is ordinarily treated.

Chairman.

5206. How much has been raised of the capital which has been authorised?—£. 9,425,837.

Mr. *Goldsmid.*

5207. Is that exclusive of a good many compensations to railway companies which are still pending?—Yes.

Chairman.

5208. That leaves a balance of how much uncalled up?—£. 324,162.

5209. How much has been spent upon capital account up to the 31st March 1876?—£. 9,360,961.

5210. Then the sum of 7,000,000 *l.* authorised to be raised by the Act of 1869 has been exceeded?—It has been exceeded by the sum of 2,360.961 *l.*

5211. To what circumstances do you attribute that discrepancy?—Mainly to the purchase of undertakings which were not contemplated at the time when the original measures were submitted to the House, and to unforeseen expenses for extensions and arbitrations; I am unable to give any other specific reasons. There is no doubt that considerable expenditure took place, which never entered into the minds of the original promoters of the measure for the acquisition of the telegraphs: that is to say, that the Post Office has been compelled to buy a very different thing from that which it at first contemplated, and to pay a far higher rate than it expected for that which it intended to buy.

5212. Does the amount of capital which you have

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Chairman—continued.

have given include all items which should be charged to capital expenditure in ordinary commercial undertakings?—No, I do not think that it does; it seems to me that to the capital account there ought to be charged, in addition, the expenditure incurred in respect of extensions since September 1873, the expenditure on account of the purchase of sites and buildings: that is to say, the proportion fairly chargeable to the telegraphs; the capitalised value of the annual payments which have been made to the railway companies for the purchase of their reversionary rights in what are called "way-leaves," which were really part of the good-will of the companies; and then lastly, the capitalised value of the amount which has been expended annually for pensions to the redundant officers of the companies whom the Post Office was unable to employ; all those were items in the purchase of the telegraph undertakings, and as such do not appear to me to be fairly chargeable to revenue.

5213. What addition would these various items make to your capital account?—The amount expended upon extensions is 82,594 *l.*; the amount charged for the purchase of sites and buildings is 37,271 *l.*; the capitalised value at 20 years' purchase of the sums paid nominally for way-leaves, but really for reversionary rights, is 460,000 *l.*, and the capitalised value of the amount expended in pensions at 10 years' purchase, which may be taken as the average value of a commuted pension, is 130,000 *l.*

Mr. *Goldsmid.*

5214. You put down only 37,000 *l.* for the purchase of sites; you have forgotten the cost of buildings, have you not?—No, wherever buildings have been purchased, the cost has been included.

Chairman.

5215. The Post Office is charged two-thirds?—Yes.

Mr. *Goldsmid.*

5216. As I understand it, the new General Post Office cost 500,000 *l.*, and one-third of that will be a great deal more than you have shown?—There is a considerable set-off against that on account of buildings formerly occupied by the telegraph department in Telegraph-street, which are now occupied by the Post Office; it will be a very nice question to settle exactly how much is chargeable to each department, but, upon the whole, it is considered a partial set-off.

5217. I understand that the Birmingham New General Post Office, site included, will cost a great deal more than you have put down; it will cost 50,000 *l.* for the site alone?—But nothing has been spent upon that yet.

5218. Therefore that is not included?—No. The total additional capital expenditure upon the principles I have just explained would be 709,865 *l.*

Chairman.

5219. Have you any set-off to that for money which may have been unduly charged to capital, and which ought to have been charged to revenue?—Practically none; in the earlier years of the telegraph service the Office of Works was unable to separate the expenditure upon plant and buildings, and the whole was therefore charged in those years to capital, but the proportion which would be properly chargeable

Chairman—continued.

to revenue is infinitesimal; at any rate, it is believed to be extremely small.

5220. Then adding this addition to capital to your former figure, have you added up what the total capital amounts to?—£. 10,070,826.

5221. When do you expect the capital account to be closed, apart from future extensions?—That would depend upon the period at which we arrive at settlements with the railway companies now outstanding.

Mr. *Goldsmid.*

5222. Are there a very great number of claims still outstanding?—Not a very large number.

5223. I think there are some arbitrations which have been settled since the figures have been added up which you have given the Committee, is not that so?—No, those are included.

Chairman.

5224. What is the total amount of claims still outstanding on the part of the railway companies?—The amount of the outstanding claims is 2,450,000 *l.*

5225. That is the total sum?—Yes.

5226. Is it a long list?—There are the North Eastern, the Great Northern, the Joint Lines of the Great Western, and the London and North Western Companies, the London and South Western Company, the Manchester, Sheffield, and Lincolnshire Company, the Metropolitan Lines, and the Midland Company.

5227. But those are the claims; you do not expect that anything like that will be actually payable, do you?—By no means.

5228. You have not formed an estimate of the amount likely to be payable, perhaps?—We have formed mental estimates.

5229. What has been the proportion already awarded to the claims made?—The proportion varies in each case.

Mr. *Goldsmid.*

5230. Therefore that would add some 600,000 *l.* or 700,000 *l.*, taking that figure?—It would.

5231. It would not bring the figure very far from the 11,000,000 *l.* which I said would be about the capital?—No.

Chairman.

5232. Now, I wish to ask you something about your arrangements with submarine telegraph companies. Are the arrangements which you have made with the submarine telegraph companies satisfactory?—Not entirely.

5233. With what companies have you made arrangements?—We have working arrangements with seven companies altogether: the Sub-Marine, the Indo-European, the Anglo-American, the Great Northern, the Eastern, the Direct United States, and the German Union.

5234. Is there any loss to the department on the work performed through those companies?—There is a loss if it be assumed that the department should receive payment for work done for those companies at the ordinary inland rate of 1 *s.* for 20 words.

5235. What would your loss amount to for the year ending the 31st March 1876?—Our loss in respect of the work done for three companies, which are those upon which we really lose, that is to say, the Anglo-American and the Eastern, and the Great Northern, is 17,639 *l.* altogether.

5236. Loss

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Mr. *Goldsmid.*

5236. Loss in that case does not mean money out of pocket, does it?—No.

5237. What you mean is that you have not had that recouped to you?—We have not received as much as we ought to have received if proper arrangements were made.

5238. Can you fairly describe that as a loss?—Not in one sense; we have not absolutely lost the money.

Chairman.

5239. To what cause do you attribute it that you do not get the amount of profit which you might have expected?—It is owing to the fact that our arrangements are not altogether satisfactory, since they do not provide for our receiving a rate of 1 *s.* for the 20 words.

5240. How were the arrangements made?—Some of them were inherited; we were obliged to take them over; one or two were authorised by the Schedule to the Act of Parliament, which have been slightly altered subsequently, and others have been carried out by the Post Office under the authority of the Postmaster General.

5241. How long do those agreements last; are they for long periods?—They vary as to dates. One, I believe, will expire in two years' time, and we shall then endeavour to make arrangements which will be more satisfactory to the department.

5242. Have you estimated it in two ways; in the actual loss to the department, and the difference between what you think you ought to gain and what you do gain?—I am not aware that any such estimate has been made. As I have already said, there is no actual loss. The estimate is an estimate of what we consider we ought to receive.

Mr. *Goldsmid.*

5243. Probably there is no actual loss in the sense of having spent money which you do not recover?—No.

Chairman.

5244. I will deal with it in another way; what additional amount would you have obtained from the time of the transfer if you had received your full rate of 1 *s.* for 20 words?—We should have received 71,634 *l.* more than we have received.

5245. Have you not lately made a concession to one company, the Indo-European?—The Treasury have authorised within the last year and-a-half a considerable concession to that company, I believe upon grounds of Imperial policy, in respect of communication with the East.

5246. It being considered desirable to have a double line?—I presume so; the amount of our loss in consequence of that concession up to the 31st of March last is 4,147 *l.*, and loss will be until the termination of the arrangement 2,650 *l.* per annum.

5247. Now, with regard to the annual revenue and expenditure; what are your annual working expenses, up to the 31st of March 1876?—First, I would say that these figures are given as extracted from the Appropriation Accounts, which exhibit actual cash expenditure of the department, without reference to any disputed questions as to what is properly chargeable to capital and what to revenue. In 1869–70, the working expenses were 62,273 *l.*; in 1870–71, 394,477 *l*; in 1871–72, 591,776 *l.*; in 1872–73, 874,946 *l.*; in 1873–74, 967,790.; in 1874–75, 1,071,347 *l.*; in 1875–76, 1,031,960 *l.*

Chairman—continued.

5248. Having given the Committee the working expenses, will you now give them the revenue up to the same date?—In 1869–70, the revenue was 100,760 *l.*; in 1870–71, 690,934 *l.*; in 1871–72, 751,611 *l.*; in 1872–73, 978,076 *l.*; in 1873–74, 1,057,824 *l.*; in 1874–75, 1,123,794 *l.*; in 1875–76, 1,250,379 *l.*

5249. What has become of your annual surplus income?—The annual surplus income is applicable to the payment of interest and the reduction of debt.

5250. With regard to that, by the Act you are obliged to form a sinking fund if you have a surplus income, for the reduction of debt?—Yes.

5251. How was that sinking fund formed?—The Treasury would charge the surplus revenue upon the Consolidated Fund, and issue it to the Commissioners for the Reduction of the National Debt, to be applied in reduction of debt.

5252. It is not derived from any surplus revenue in your possession, but from the Consolidated Fund?—Yes. The whole of the Telegraph Revenue is paid into the Exchequer.

5253. That is deducted from the Consolidated Fund, because under the ordinary Sinking Fund of the country, one-fourth must be applied for the extinction of the National Debt in each quarter; is there no risk of its being paid twice over?—No, I think not. This is in addition to the amount annually applied to the reduction of the debt under the Act of the 29th and 30th Victoria.

5254. But part of the surplus which is applied to the extinction of the National Debt of the country is applied from the payment of the surplus of the Post Office into the Consolidated Fund?—Yes.

5255–6. Therefore they obtain from that surplus a part of the amount with which they extinguish the debt; if they pay it also into a specific account do they not pay it twice over? I wish you would look into that, because I am speaking upon the suggestion of a great financial authority, namely, Sir William Anderson, who says it does, and who has sent a letter to me upon the subject, in which he says that the sinking fund is paid twice over?—I have not paid much attention to the subject. On further consideration it does appear that the surplus would be applied twice over to the reduction of debt.

Mr. *Goldsmid.*

5257. Could you give the Committee the total deficit upon the amount which has been raised for paying interest upon the capital up to the present time?—The total deficit up to the 31st March is estimated at 663,152 *l.*, or about 100,000 *l.* a year.

5258. So that, fairly, that ought also to be added to the capital account?—I should say not. It cannot be said that the amount required to pay interest can be considered as a charge upon capital.

Mr. *Cavendish Bentinck.*

5259. That has been accruing since the beginning?—Yes.

Mr. *Cubitt.*

5260. Is that a decreasing or an increasing annual sum?—I hope it will be a decreasing one.

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Mr. *Blackwood.*

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Chairman.

5261. What is the rate per cent. at which the working expenses have been increased during those years?—In round numbers in 1871-72, 50 per cent.; in 1872-73, 47 per cent.; in 1873-74, 10 per cent.; in 1874-75, 11 per cent; and in 1875-76 they have decreased 4 per cent.

5262. What is the rate per cent. at which the revenue has increased during the time?—In 1871-72 the revenue has increased 7 per cent., in 1872-73, 30 per cent., in 1873-74, 8 per cent., in 1874-75, 6 per cent., and in 1875-76, 11 per cent.

Mr. *Goldsmid.*

5263. You would take my average of 10 per cent. per annum as not an unfair one?—No, I think not.

Chairman.

5264. Do you expect that 10 per cent. per annum may be taken, as about the annual rate of the increase of revenue?—I should not like to prophesy for the future. I hardly think that the rate will be kept up. The higher we get the less will be the per-centage of increase.

5265. But in the Post Office you continually increase your revenue?—But it does not always increase at the same rate.

5266. If you take into consideration the interest due upon the capital raised, the general result would, as you have stated to us, be a deficiency of 663,000 *l.*?—That is so.

5267. And what is the amount of the annual deficiency?—For the last year 1875-76, it will be 127,000 *l.*

Mr. *Goldsmid.*

5268. That is the most favourable of all your years, is it not?—No, on the first two years we had a considerable surplus applicable to the payment of interest.

5269. But you had then hardly completely entered into possession of your property?—No.

Chairman.

5270. Have you any fear that the working expenses will be liable to increase more than they are now doing?—They will be liable to increase under certain heads. There will be the yearly increments of salary to the established officers. There will be some payments to railway companies for message work, for maintenance and way-leave which are now in arrear, and can only be settled when agreements or settlements have been arrived at with those from whom claims are now outstanding: there will also be the charge for pensions to our own officers, which as we are a new service have hardly assumed any magnitude yet; but by the time we have any substantial proportion of officers retiring, we shall be relieved of the payment of pensions to the redundant officers of the companies which may be taken as a set-off.

Mr. *Goldsmid.*

5271. But hardly so much as that?—That is looking rather far ahead.

Chairman.

5272. I omitted to ask you before whether in estimating capital or charging it to revenue, you make any charges for renewal of plant or for depreciation of old plant?—We do not. It is considered that the annual expenditure on maintenance practically maintains our plant in an efficient condition.

Chairman—continued.

5273. Then you charge that to revenue?—Yes, we charge that to revenue.

5274. I want to see whether you put down anything in your accounts for free messages?—We put down nothing for free messages. We send a great number of messages for which we receive no payment.

5275. What is the estimated value of messages sent by railway companies up to the end of the financial year?—For railway companies about 13,840 *l.* a year. That is, taking the messages at 1 *s.* 1 *d.* each, which is the lowest rate at which we can estimate them; it is believed that practically it would amount to more per message.

5276. What would be the value of the free messages sent for Government Departments?—The value up to the 31st March last would be 9,684 *l.*

5277. Have you any other charges which you undertake for Government Departments?—Yes, there is the cost of special wires, salaries of clerks, and of certain extensions which are carried out from time to time for the Admiralty, and War Office, and other departments, the cost of that up to the 31st March last is 16,809 *l.*, for which the Telegraph Department has received nothing.

5278. Do you see any reason to anticipate a better state of things with regard to the produce of the department, except the ordinary increase of revenue and the economies which are to be introduced?—Yes, I am in hopes that we shall be able to look to some other sources for increase of revenue; I hope the Committee will strengthen our hands in that respect, and that we shall get an increased rate for the distribution of the press messages; that we shall receive payment as proposed by the Postmaster General at an increased rate for messages forwarded from railway stations; that we shall receive an increased rate for messages sent on Sunday, and after eight o'clock, and that the free message privileges now given to the railway companies and to the Government Departments will be abolished.

5279. Have you made an estimate of what that would amount to?—I think in the Postmaster General's reply to the Treasury it is stated at 59,000 *l.* per annum. Then, in addition to that, there will be any better terms we can make with the Submarine Telegraph Companies.

5280. You have told the Committee that neither the Capital Account nor the Appropriation Accounts, as at present presented, give us a true view of the financial state of the Telegraph Department; have you any suggestions to make on that head?—My own opinion is that Parliament and the public will never have a true view of the financial condition of the telegraph business until an account is submitted to their view, prepared upon what may be termed proper commercial principles. The profit and loss account which is prepared under the authority of the Telegraph Acts may be termed a simple cash account. It is based upon the cash receipts and expenditure of the year, and it is upon that that our surplus income is calculated, but no allowance is made in that for the alteration of charge between capital and revenue which, I think, ought to be made, and as long as it is thus prepared, or rather as long as that is the only account which is presented to Parliament and exhibited to the country, there must

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Chairman—continued.

must be a serious misapprehension with regard to the financial position of the telegraphs.

5281. You think that the account presented to Parliament should be an account showing truly what is capital and what truly is revenue, and after having carefully considered both, with the consent of the Treasury, that should be presented in your annual statement to Parliament?—Yes, I think that it should be a supplementary account. I would not propose to alter the shape or the basis of the account which is now presented under the Telegraph Acts, it being a very good instrument for compelling the department to show its actual surplus revenue upon its cash receipts and expenditure.

5282. Is it not a good and wholesome effect of the present plan, although it may not be a good accounting plan, that it makes you pay for extensions out of revenue?—I have no objection to that myself upon the principles which govern the national accounts, but I should like to see presented annually in addition, what would be the accounts of a commercial company.

5283. As if you were to declare a dividend?—Yes, exactly.

5284. But a company, in declaring a dividend, would always put down a considerable amount for depreciation?—Not if it expends annually a sufficient amount to keep its plant in good working order.

Mr. *Goldsmid.*

5285. The London and North Western Railway Company, for instance, put down a very large sum for the actual expenditure in maintaining the condition of the line as good as it ought to be?—I am not aware of their practice.

Chairman.

5286. But you are not afraid, are you, that your lines, as they get older, will wear out much more rapidly, and that in such a case you must put down more for that year?—There is no doubt that it might be apprehended that a good many of the lines, having been put into good order at the time of the transfer, may shortly require renewal all together, and that in that year a larger expenditure may fall upon us; but the necessity for renewal is affected by very many accidental circumstances. There are storms; there are accidents; there is wear and tear, which varies according to the position of the lines, the climate, and so on; but allowing a fair margin, I believe that we are keeping up our lines in a fairly effective condition, and that the expenditure for renewal or depreciation, whichever it may be termed, is spread over a course of years, and that thus we need not apprehend a very heavy exceptional charge in any one year.

Mr. *Goldsmid.*

5287. Practically, it compels an average in that way, does it not?—It does.

5288. You would have no difficulty in preparing the form of the account you speak of, if the Committee, for instance, were to recommend it, and the Post Office were to adopt the plan you have suggested of having a subsidiary account?—There would be no difficulty at all; in fact I have directed such accounts to be prepared already, and I should like to say that upon the principles upon which we think expenditure should be charged, either to capital on the one hand, or to revenue on the other, the profit on the working expenses of the last year would amount to 249,226 *l.*, which is within 2,545 *l.* of a dividend of 2½ per cent. on the capital raised.

Mr. *Goldsmid*—continued.

Dr. *Cameron.*

5289. That, I presume, does not include any charge for interest?—It is to enable us to pay the interest; of course it does not include the arrears of interest payable in previous years any more than a company would include dividends not paid in former years.

Mr. *Goldsmid.*

5290. Nor does it include interest on capital which you have not raised, for which you are in a sense liable, but the amount of which has not been settled?—It does not include that, except as regards the estimated capital value of certain annual payments to railway companies and annuities to officers of the old companies.

Dr. *Cameron.*

5291. A railway company in making out its account in this way would have to provide for interest on mortgages before declaring any dividend, would it not?—I think so.

5292. Therefore you should do so?—But the amount is not yet raised.

Chairman.

5293. I want to draw your attention to some remarkable differences between the cost of working various offices; I find, comparing the Estimates and your returns, that Dublin and Birmingham send very nearly the same number of messages; Dublin sent 1,736,000 messages, and Birmingham sent 1,750,000 messages, but Dublin, though it sent 14,000 messages less than Birmingham, costs the country 9,184 *l.* more during the year; can you give any explanation of that?—I have no doubt that at first sight there are some discrepancies between the expenditure on different offices which are very startling, but it will be found on going into the minutiæ of each station that there are in general, causes which explain these apparent discrepancies; one cause which makes an office more expensive than another is, that its work consists more largely of forwarded and received messages than transmitted messages, the counter work and the delivery work being of course much larger. There is also the fact that a female staff is employed at one office which is cheaper, whereas a male staff is employed at another which is more expensive. In Dublin it is the fact that there is a large redundant staff of females at the present moment, which arose from the fact that at the transfer of the telegraphs it was necessary to employ a large number of women all over the country who have since been withdrawn, as the railway companies have been able to undertake the work themselves; they have been brought necessarily to head quarters, and we have a larger staff there than is necessary. I believe that each case which might be pointed to is susceptible of very good and satisfactory explanation, each case varying the one from the other.

5294. Do you think that in the case of Dublin where there were 14,000 messages less per annum, and costing the country 9,184 *l.* more than Birmingham, very nearly double, there can be any justification in the local circumstances of the case?—If you remember that there are 20 redundant

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Mr. *Blackwood.*

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Chairman—continued.

redundant female clerks, that there are four clerks whose salaries are included in that expenditure who are not employed on message work but have to be engaged on other duties, and that the force is spread over 15 offices, necessarily making it more expensive, the difference would be diminished to a great extent; I am not prepared to defend it entirely, but I would say that each telegraph office is under a continual process of scrutiny and revision; they are always passing under review by means of applications of one kind or another, and advantage is taken of those applications to examine most scrutinisingly the cost of the office, and to inquire into any circumstances which raise it to a higher amount than that which is considered the proper average.

5295. I will give another instance; Dublin sends a considerable less number of messages than Edinburgh; both are metropolitan towns, but Dublin costs 7,092 *l.* more than Edinburgh, although it did much less work; what is the explanation of that?—I am not prepared to explain the difference off-hand.

5296. I dare say you have seen Mr. Scudamore's Report of 1872, in which he gives a number of figures?—Yes.

5297. At that time Dublin had 115 clerks more than it possesses at present; at that time there were 401 clerks in Dublin, and now there are 286, showing that 115 clerks have been reduced; do you know what was the cause of that large reduction, and how there is a surplus still?—I am not prepared to state the cause of that reduction. I have already explained the circumstances which cause the present surplus.

5298. There are some points in the Returns which seem to require explanation; Edinburgh has increased 50 per cent. in its messages, but it has had no additional clerks since 1872; there are the same number of clerks in Edinburgh in 1876 as there were in 1872; Birmingham has increased nearly the same amount, 49 per cent., and has only required one clerk more; but Manchester has increased 58 per cent. of messages but has 29 per cent. more clerks; Glasgow has increased 73 per cent. in its messages, and has only had 21 per cent. additional clerks; Newcastle has increased 71 per cent. of messages, and has only increased 19 per cent of clerks; does not that great variation from no increase of clerks for a large amount of messages in some offices, up to a large amount of increase in other offices, seem to indicate that there is some very great necessity for inquiring into the mode in which the offices have been worked, and the very unequal expenditure for the same work?—I can only suppose that at those offices where the cost is less in proportion the work consists, to a great extent, of transmitting work, which, as I have said before, causes hardly any additional expense comparatively.

Mr. *Goldsmid.*

5299. Or like Dublin they were very much over-manned before?—Yes, that may have been the case.

5300. You would not like, perhaps, to give the reasons for that enormous over-manning which existed in some of the offices?—I am not acquainted with the reasons myself.

Mr. *Cavendish Bentinck.*

5301. To supply this annual deficit it is proposed to make an additional charge upon the press, is it not?—It is.

Mr. *Cavendish Bentinck*—continued.

5302. Can you state to the Committee what is the sum which you expect to recoup by that additional charge?—I think we have stated it at 30,000 *l.*

5303. £. 30,000 out of the 55,000 *l.*?—Yes.

5304. Then the general public, supposing the deficiency is taken at 55,000 *l.*, and the press have to pay 30,000 *l.*, would have to make up 25,000 *l.*?—Yes.

5305. Do you think that that is an unfair proportion between the press and the public; that is to say, that the charge upon the press is too heavy?—No, I do not think it is. It can hardly be said that the balance of the loss of 55,000 *l.* a year, which is stated in the Postmaster General's reply to the Treasury, is attributable to public message work. The way I look at it is this that upon the whole work of the department an annual loss, say, of 55,000 *l.* is incurred. It may be attributable to one cause or another, to the purchase of the undertaking on unremunerative terms mainly, but it is found that looking at the working expense, a certain class of business is performed at a distinct loss; that class of business being the press message work. the other class of business, the public-message work, is not performed at a loss. I consider, therefore, that if we can prove that that certain class of business is performed at a loss to the department, we are perfectly justified in obtaining, or endeavouring to obtain, a rate of remuneration which shall at least preserve us from loss. It may be that in the Postmaster General's proposal to the Treasury, we have endeavoured to get as much from the press as we can, and to make it not only cover the loss which is incurred, but absolutely to produce a profit. I am not prepared to say that that is not the case.

5306. But having regard to the antecedents, are you of opinion that there is any injustice towards the press in that arrangement?—No; I do not think so. If Parliament is prepared to authorise new terms, which will preserve the equilibrium between the revenue and the expenditure of the Telegraph Department upon that particular head. I do not think myself that the press could complain of any particular injustice. I think, on the other hand, the nation may complain of injustice if the taxpayer is called upon to subsidise the local press.

Mr. *Cubitt.*

5307. You spoke of the Post Office, I think, both as a spending department and a revenue department; do you mean by that that they have on the one hand to provide for the public service, and on the other to consider the raising of a revenue for the country?—Yes.

5308. Then you have two conflicting elements?—Yes.

5309. Is it your duty to hold the mean between the two, that is to say, between providing for the public convenience, and supplying a revenue for the country?—I presume the first function of the Post Office is to provide for the national convenience.

5310. Therefore the revenue must be merely a secondary consideration?—I presume that that is the proper aspect in which to look at it.

5311. Therefore you can hardly hope to derive such a revenue from the telegraphs as if they were carried on purely for commercial reasons?—Certainly not.

5312. Just

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Mr. *Watney.*

5312. Just one question about the outstanding claims of the different railway companies; the amount they claim is a little over 2,000,000 *l.*, is it not?—It is.

5313. How long have those claims been outstanding?—They can hardly be said to be outstanding, because they have not been all of them formally made, that is to say, no steps have been taken in some cases to approximate to a settlement; they have been put in at different times.

5314. How long has the longest of those claims been outstanding?—I could not say off-hand.

5315. But some years, has it not?—No doubt.

5316. And what steps are you taking for getting those claims settled?—In some cases we are awaiting the revised claims from the companies. In others, arrangements are being made to proceed to arbitration. I think, with regard to several, that the railway companies may be said to be holding their hands till the present arbitrations have reached a more decided stage.

5317. Are you taking any steps to press those claims to arbitration, or to get them settled by arbitration?—No.

5318. Do you not anticipate having to pay interest for the time that you are delaying the settlement of those claims?—The delay does not rest with us, I think, and the date from which interest has been payable, so far as I recollect, has been generally made by the umpire to date from the award.

5319. Then it is for your advantage, if I understand it, to let the claims go as long as they can unsettled, and not to get awards sooner than you can help?—In that light it is, but that is not our policy; we have no object of that kind in view.

Colonel *Alexander.*

5320. If, as you state, it is more economical to dispense with the services of the Royal Engineers, how do you account for the circumstance that the Departmental Committee of the Treasury, which inquired into the subject very minutely, came to an exactly opposite conclusion?—They left out of sight the fact that the Post Office had already a staff of its own officers quite sufficient to carry on all its engineering work, and that the employment of the Royal Engineers entailed consequently an unnecessary charge on the Post Office.

5321. But that Committee recommended the extension of the area in which the Royal Engineers are employed, mainly on economical grounds, did it not?—To a considerable extent, on economical grounds.

5322. I think that one of the reasons assigned by the Committee for their opinion, that greater economy would result from the employment of the Royal Engineers was, that they are not entitled to a pension from the Post Office Department, was not that so?—That was so.

5323. You are of course aware that the pension of a soldier is a mere trifle compared with that of a civilian employed in the Post Office?—Yes.

5324. You stated that you looked forward to the time when the charge on account of pensions will be greatly increased in the Post Office?—It must be increased by degrees, as time goes on.

5325. Do not you think it would be better to lighten that charge by the employment of men who would never entail upon you this burden?—The Post Office would be glad to be relieved of any charge for pensions.

5326. But by extending the area of the employment of the Royal Engineers you would be relieved to a great extent from any charge for pensions?—That is correct.

Colonel *Alexander*—continued.

5327. The honourable Member for Rochester pointed out that some difficulty might arise in time of war by the withdrawal of the Royal Engineers; that difficulty would be obviated, would it not, by bringing back soldiers who had already passed through the department?—No doubt, to a certain extent.

5328. This was practically illustrated, was it not, when, during the snowstorms of last winter, you sent for the Royal Engineers, who had already passed through the department, for the purpose of repairing the telegraph wires?—Yes, the Royal Engineers supplied us with men upon an emergency, which was a great advantage.

5329. And in the time of a strike among the civilians, which occasionally occurs, I suppose you would find the employment of the Royal Engineers very advantageous?—There would be that advantage.

5330. You have already had experience of that once or twice, have you not?—I believe that did occur, but that was before I went to the Post Office.

Mr. *Ripley.*

5331. As Financial Secretary I think you stated that you look at all expenditure from a purely financial point of view?—I do.

5332. And that all proposals for the extension of the telegraph system, and for increased facilities to the public which would cost money, are submitted to you for your consideration or report?—Yes, practically so.

5333. You deal with those questions, I presume, purely from a financial point of view, without any consideration with reference to the increased facilities which the public might derive from those various extensions?—Those are my functions.

5334. May I ask how far your decision is binding; is it taken into consideration along with other considerations, or is it really the substantial ground upon which those extensions are acceded to or refused?—I have no power of veto; it may often happen that the consideration of the convenience to be afforded to particular localities or considerations of policy may affect the decisions of the Postmaster General or the Treasury to an extent which would override the purely financial considerations.

5335. Do you think it is possible from your financial point of view that you can decide whether any extension of the internal system of telegraphy in this country will pay or otherwise, before actual experiments are tried, in cases in which it is proved that those extensions and increased facilities are required for the public convenience?—A pretty good idea can generally be formed of the amount of business which will accrue at any station which is proposed to be opened; the department has sufficient experience to guide it in forming its opinion.

5336. Looking at the conditions upon which the telegraphs were taken over from the old companies, and the implied understanding that it is for the convenience of the public, do you think it is a very safe ground that from merely financial considerations these increased conveniences should be refused?—I am not prepared to say that these increased conveniences are refused merely from financial considerations; as I have said, other considerations often prevail.

5337. Then

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Mr. *Blackwood.*

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Mr. *Ripley*—continued.

5337. Then I will put it whether purely financial considerations should have any great weight in the matter?—Certainly, I think they should have great weight in the matter.

5338. You have been asked about the deficit which takes place from year to year upon the working of the telegraph system, and you suggested that that might be made up to a certain extent by an increased rate for press news, by an increased charge for telegrams which may have to be sent from railway stations, by an increased charge on Sundays, and by an increased charge after eight o'clock, and one or two other similar additions?—I did.

5339. Do you think that all those suggestions would tend to carry out, what I think you will agree with me, was stated distinctly to be the intention of taking over these telegraphs by Parliament, namely, that the public should derive the largest amount of convenience from the change that was then contemplated?—I do not think that they will diminish the public convenience in the least.

5340. You do not think that the increased charges will diminish the public convenience?—Not in the least; I think that all persons who want to send telegrams will do so at these increased charges.

5341. In your opinion a general decrease of the charge from 1 *s.* to 6 *d.* would not increase the number of messages; is that so?—I am not prepared to go so far as that; I have no doubt it might increase the number, but that is a different thing altogether from saying that the small additional rates which we propose in these instances would lessen the number of messages.

5342. Practically is not the effect of all small additional rates in any commercial transactions to decrease and not to increase the amount of business?—I do not think they will in a great concern like this any more than the charge for a registered letter.

5343. As Financial Secretary the charges for telegrams come under your cognisance, do they not?—Yes.

5344. And the charges for telegrams sent to the Continent, I presume, come under your cognisance?—No, I have no power of interfering in the rates already agreed to, to and from the Continent.

5345. But do the varying rates come under your knowledge at all? The ground upon which I ask the question is that I have a Paper before me which is furnished by a large German house in Bradford, who have connections all over the Continent of Europe. Taking Russia, for instance, the charge for a telegram from Russia to England is 8 *s.* 3 *d.*, which, of course, the Russian has to pay, whereas the charge for a telegram from England to Russia is 10 *s.* from London, and 11 *s.* from the provinces; Yorkshire, for instance; can you explain that discrepancy in any way?—No; that subject has not come under my special cognisance.

5346. You could not even state the grounds upon which a telegram sent from London to Russia should be charged 10 *s.*, and the same telegram sent from Bradford to Russia, for instance, should be charged 11 *s.*?—I am unable to explain it; I have no doubt Mr. Patey could give you information upon that point.

Dr. Cameron.

5347. When Mr. Johnston was under examination, I questioned him concerning an item which

Dr. *Cameron*—continued.

occurred in the Estimates, namely, travelling expenses for the School of Instruction, 2,000*l.*; he could not give me any explanation of that 2,000 *l.*, and referred me to the gentleman who would give evidence upon the financial part of the question; can you explain it?—The item of 2,000 *l.* for travelling expenses of instructors is incurred on behalf of the officers who are attached to the surveyors in certain districts, and who have to go about looking into the degree of proficiency of the telegraph clerks; they are not under the Comptroller of special arrangements, and therefore he knew nothing about it.

5348. In the Report of the Comptroller and Auditor General, attached to the Appropriation Account, he complains that it is impossible in the manner in which telegraphic accounts are now made up for the Audit Department "to detect and obtain explanation of any deviation from the authorised expenditure"; have any steps been taken, do you know, to alter that?—The Comptroller and Auditor General there refers to authorised expenditure upon works of extension or maintenance; there is no doubt that the examination of the accounts of the Telegraph Service is defective to this extent: that the Comptroller and Auditor General is dependent upon second-hand information; that is to say, he has to be content with the certificate of the officer superintending the work of maintenance or extension, namely, the divisional engineer, with regard to the correct apportionment or distribution of the expenditure; and I see no way in which he can well go below that, except by employing an officer of the Audit Office to accompany the divisional engineer, and go over the same work that he does.

5349. The Comptroller and Auditor General in his report refers to the different modes of charging sums of over and under amounts of 100 *l.*, and he says: "The expenditure has taken place in the execution of 24 different works of extension and re-arrangement, and the Treasury sanction is refused on the ground that the works have been undertaken 'in direct violation of the rules laid down in their Lordships' letters of the 25th September 1873, and of the 19th March 1874,' whereby the Post Office were required to submit quarterly schedules of all new works proposed to be undertaken, in which the expenditure involved exceeded 100 *l.*, for the previous sanction of their Lordships. In no one of the 24 cases referred to, could my department, under the existing system, have detected the fact that the works in question involved an expenditure of upwards of 100 *l.* each"?—By which I understand him to mean that he is unable to exactly apportion the amount of expenditure properly incurred upon them, and that he has to be content with the certificates of our officers.

5350. I do not take that from his report; it seems to me that he complains that he has made yearly a certain recommendation in his report, and that no notice was taken of that recommendation, and he says that the importance of that recommendation has received a striking exemplification this year when these 24 works have been challenged as instances of irregular expenditure. What I wish to know is whether this recommendation, now repeated for the second time with this strong illustration of its importance, has led to any change?—A system of accounts has been framed by us, in concurrence with the Treasury, by which a very accurate apportionment of expenditure will be carried out, and

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Dr. *Cameron*—continued.

and by which the Treasury will be kept informed of all expenditure which exceeds the limit of 100 *l.* So far as my impression goes, I think that a remark of that kind will not appear in the Comptroller and Auditor General's Report again.

5351. You mentioned that you estimated a loss of some 17,000 *l.* a year, as being incurred by the Post Office in connection with its dealings with sub-marine companies?—Yes.

5352. What does the Post Office at present get for the conveyance of a message; say to the Anglo-American Company, and the other companies?—Upon a message belonging to the Anglo-American Company we get 2-5ths of a penny per word; the average payment is about 7¾ *d.* for 20 words message.

5353. And from the other companies?—From the Great Northern Telegraph Company we get about 6¾ *d.* a message, and from the Eastern Telegraph Company about 6 *d.*

5354. Can you give us any other rates?—No, those are the only ones of which I have information with me.

Dr. *Cameron*—continued.

5355. You spoke about some special reduction having been made in the case of the Indo-European Company; what do you get in that case; you mentioned the amount of loss which you had made by the new arrangement?—We ought to have received half of the 12,000 *l.* a year, which was paid by the Indo-European Company to the Submarine Telegraph Company, but the Treasury have agreed to diminish the whole payment by nearly one-half; we, therefore, only get a half of 6,700 *l.*

5356. Will you inform the Committee how much the 3,000 *l.* which you are to get from the Indo-European Company will give you per message, when divided by the number of messages?—I have not the figures before me, but I believe it is about 1 *s.* per message.

5357. But still, it could be worked out in the way I mention, and I should like to know what you have received from the various foreign submarine companies per message sent?—I hand in a statement.

Mr. *Blackwood.*

13 June 1876.

STATEMENT showing the ESTIMATED REVENUE per MESSAGE (of Twenty Words or under) derived by the Postmaster General from Messages transmitted to or from the *United Kingdom*, by the undermentioned Telegraph Cable Companies during the Year ended the 31st March 1876.

NAME OF COMPANY.	Postmaster General's Revenue per Message of 20 Words or under.		REMARKS.
	s.	*d.*	
Submarine	1	5¼	Including earnings of cables to Continent.
German Union, British „ „ American	1	3¼	Including the estimated value of the services performed by the company in connection with the inland transmission of messages.
Anglo-American	–	7¾	- - - ditto - - ditto.
Eastern	–	6	- - - ditto - - ditto.
Indo-European	1	–	Including earnings of wire in Norderney cable.
Great Northern	–	6¾	Including the estimated value of the services performed by the company in connection with the inland transmission of messages.
Direct Spanish	1	–	—
Scilly Islands	1	–	—
Orkney Islands	1	–	—
Cape of Good Hope	1	–	—
Direct United States	6	3¼	Including the estimated value of the services performed by the company in connection with the inland transmission of messages.

Dr. *Cameron*—continued.

5358. You assumed in reply to the Right Honourable the Judge Advocate General, that the loss upon press messages constitutes a very large portion of that 55,000 *l.* of annual loss, did you not?—Rather, that we should like to get that large portion from the press; I may say that 30,000 *l.* of the total is the amount we propose to recover by alterations of charge on delivery of press messages.

5359. But I presume that you can throw no additional light upon that 30,000 *l.*; you can give no evidence with regard to the details of which it is made up?—I cannot.

5360. However, from a merely financial point of view, you mentioned, I think, that a large portion of the loss would be attributable to having acquired the various undertakings at too high a price?—Yes.

Dr. *Cameron*—continued.

5361. If you acquired them at a million and a half above their value, or at an extravagance of a million and a half, would not that account for your loss of 55,000 *l.*—Yes.

5362. Then you have spoken about a certain loss incurred upon railway messages; a loss of 9,000 *l.* you spoke of as incurred through not being paid for Government messages, and you mentioned an average expenditure of some 16,000 *l.* per year incurred upon Government account; do you think that it is fair under those circumstances to put the screw upon simply one small portion of the telegraph-using public to the extent of half the actual deficit?—As I said before, I am not prepared to push that very strongly myself. I think that the department would be satisfied if we could obtain from Parliament power to charge the press a rate which would preserve the

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Mr. *Blackwood.*

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Dr. *Cameron*—continued.

the department from loss in respect of the working expenses incurred in that branch of the service.

Mr. *Leveson Gower.*

5363. I understood that some of those contracts with the submarine companies were inherited, and some were not?—Yes.

5364. Is the loss greater under those contracts which were inherited, or under those which have been made since the transfer?—I am not sure that I can specify that at the present moment. The Indo-European contract was inherited, I think, and we are certainly losing in the arrangement with them. With regard to the other two contracts, I should not like to state at the present moment whether they were inherited, or whether the arrangements were made subsequently. I could ascertain that, I have no doubt.

5365. Are guarantees ever taken now against loss by an extension?—Frequently.

5366. But not universally?—Extensions are very rare now; we have gone so far that extensions are rare. In some cases it is evident, from the nature of the locality and the business, that no guarantee is required. Occasionally it is required, that is to say, whenever it is evident or presumed that the business will not pay.

5367. But whenever a guarantee is offered an extension is as a matter of course made?—Subject to the approval of the Treasury.

5368. You do not think it would be desirable to adopt the rule which seems to exist in Australia that no extension should ever be made without such a guarantee?—If on all the circumstances being taken into consideration, we can see plainly that we shall do our business at a profit, or at any rate at no loss, I see no advantage in such a case, in pressing for a guarantee.

5369. There would have been great advantage in the past, would there not, in adopting the plan of guarantee, seeing that there has been great loss from extension?—No doubt.

5370. I understand that you wish to have an increased charge for forwarding messages from stations?—Such is the proposal of the Postmaster General.

5371. In the estimate of gain to be thereby derived, has there been taken into consideration the diminution of messages which might arise from that increased cost?—I think that has been taken into consideration; but we do not apprehend that that diminution would be very large; we consider, as I have already stated, that persons who now use railway stations for telegraph messages will continue to do so, and that the diminution of the business will be very small.

5372. You do not seem to have gone in detail into the causes of the great difference of costs of offices in different towns?—I have not gone in detail into all that have been mentioned in the return, but I have gone into several of them, and the results of the examination are what I have stated to the Right honourable Chairman; that in each case peculiar local circumstances arising from the character of the business, or of the staff, will on the whole explain the difference of cost.

5373. Is there any record taken of the number of messages which are transmitted from the various offices?—Yes, in each case.

Mr. *Goldsmid.*

5374. I suppose there can be no doubt that at the time you were appointed, and previously to that time, there was very considerable financial confusion in the Telegraph Department?—There had been irregularities, but I should not like to say that the system was by any means generally irregular; the system was a sound and a good one, but owing to particular circumstances, to which I need not advert, there had been irregularities.

Mr. *Goldsmid*—continued.

5375. In fact, there was considerable financial confusion, and your mission was to set it right as far as possible, was it not?—It depends upon what the honourable Member means by financial confusion; if it is said that the system of accounts was in a confused state, I should say certainly not; there had been a want of what I may call due financial order in the administration of the department, and it was, as I said, considered by the Treasury that the financial element in the Post Office, and the power of control there, demanded strengthening.

5376. I believe you have looked at the speech which I made upon the subject, and you would probably not disagree with the reason which I assigned in that speech?—No, I think there is nothing to object to.

5377. Have you looked at the figures which I gave?—Yes.

5378. Do you think that those are correct as far as you have been able to test them?—I think that they are perfectly accurate.

5379. You would admit, would you not, that a very large surplus staff was to be found in many departments of the Telegraph Office?—In the Engineering Department of the Telegraph Office that was the case.

5380. I do not mean the Engineering Office, but generally; as in the case of Dublin, for instance, which was quoted by the Right honourable Chairman?—Yes, there is a redundant staff there. I am not prepared to say that there is at any other place.

5381. But when you came into office, as the Right honourable Chairman pointed out, there were 200 more clerks in Dublin than there are at the present moment?—Yes.

5382. That shows that there was a great lavishness of expenditure upon staff, which is not now necessary?—No doubt a very large staff was employed at the commencement of the work, larger perhaps than is now in some cases required.

5383. And larger than was required at that time, was it not?—I am hardly prepared to say that.

5384. In that proposed new capital account which you thought it would be advantageous to prepare, you would, of course, put down all those items which you considered ought properly to be added to the capital account, amounting to 709,000 *l.*, but which have hitherto not been so added?—Yes.

5385. And you would deduct anything upon the other side which had been unfairly charged to the capital account?—Yes.

5386. And then you would show us also your estimate for the future expenditure upon capital account, apart from any extensions which would have to be undertaken?—No.

5387. Then you would give the Committee what the interest upon the total sum would be?—You mean that it would show the items of called and uncalled capital?

5388. The sums to be paid to the railway companies

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Mr. *Goldsmid*—continued.

panies when settled?—They would be included as they came in course of payment.

5389. To provide a complete capital account barring future extensions which you cannot provide for?—Yes.

5390. With regard to the arbitrations with the railway companies I have received complaints from various persons interested, that even in cases where the arbitrations have been settled, they have had great difficulty in getting the money within a reasonable time; do you think that those complaints are well founded?—There have been complaints in some cases, generally resulting, I think, from the fact that the capital had not been provided by Parliament; there was necessarily delay because the Treasury would not come to Parliament to ask for fresh capital until there was satisfactory information furnished by the Post Office with reference to the amount which would be required.

5391. A gentleman wrote to me, whom I do not know personally, stating that a sum of 16,000 *l.*, which had been awarded a long time ago, he, on behalf of the company with which he was connected, had not been able to obtain; do you think that such a case as that might have occurred?—I cannot say with reference to that particular case. I can say that there is no unnecessary delay upon the part of the Post Office; a good many formalities have to be gone through, and agreements made between the solicitors of the two sides, and things of that kind.

5392. I have heard another complaint made that the arbitrations cannot be got on with, and that the Post Office does not do anything to assist them in getting the arbitrations on; do not you think that it would be desirable, in the interests of the Post Office, to endeavour to push the arbitrations on as fast as possible, in order to close the capital account of which you speak?—We should be glad to get the arbitrations completed.

5393. You stated that the Post Office had been compelled to buy up the various undertakings at a far higher rate than they had expected; what you meant by that was, at a higher rate than the officials expected, considering the estimates tendered by Mr. Scudamore at the time of the passing of the Act?—Yes.

5394. You stated that one of the causes of that increased expenditure was pensions for the redundant officers of the old companies. I thought Mr. Patey stated that practically there were no redundant officers, but that some insisted upon leaving?—I know that we pay 13,000 *l.* a year to them.

5395. That is a small item out of 300,000 *l.*?—It is, of course.

5396. I wish to ask a few questions about the proposed increase of charges; you remember that in the Preamble to the Act, and in the arguments that were offered by the Chancellor of the Exchequer in favour of the Act, the uniformity of rate was stated to be one of the great advantages which the Government would confer by purchasing the telegraphs?—I do not remember the word "uniformity" in the Preamble; the Preamble says that it will be advantageous "if a cheaper, more widely extended, and more expeditious system" were introduced, but it does not mention a uniform rate.

5397. But I think, if you refer to the speeches of the Chancellor of the Exchequer of that day, you will see he stated that the object was to establish a uniform rate?—No doubt that argument was used.

Mr. *Goldsmid*—continued.

Mr. *Blackwood*.

13 June 1876.

5398. Do you think that for the purpose of obtaining an addition to your revenue of 20,000 *l.* a year, it is desirable to depart from a principle which is so clear, and as I venture to think, so advantageous?—I think the circumstances are very like those that attend the Post Office service. It may be said that the uniform rate is 1 *d.* per letter, and everybody knows that, but yet that rate is variable. There are late letter fees, there are registration fees, and a difference in weight makes a difference in charge.

5399. But you do not charge more for Sunday letters?—We do not charge more for Sunday letters.

5400. And you do not charge more for letters posted after eight o'clock at night?—We do if they are to go by a particular mail.

5401. But not otherwise?—Not otherwise; not if they are to take their turn with the rest; but a telegram if it is to go after eight o'clock at night would not take its turn with the rest as a letter would.

5402. The extra charge for a mail would rather correspond with the priority charge for a telegram that the honourable Member for Glasgow suggested?—I should hardly call it a priority charge.

5403. It is really so, because if you pay an extra fee to get a letter through at an earlier date than it would otherwise go at, it is a priority charge?—You can put it in that way.

5404. That was exactly the proposal that was made with regard to telegrams; I do not think that would correspond with the proposal of the Postmaster General. Now to go to another point; why do you propose to charge extra for telegrams handed in at railway stations?—Because we incur great expense there, and get very little profit.

5405. But from the point of view of the public, many of those stations existed as telegraph offices, did they not, before the transfer?—Probably they did, many of them.

5406. The public were accustomed, therefore, to hand in their telegrams there, and those stations have been kept up, as Mr. Patey told the Committee, because there was no other telegraph office belonging to the Government within a reasonable distance, and that they were diminishing them as fast as possible; under those circumstances would it not be throwing a burden on a certain portion of the public, which is hardly fair, because you would be charging them extra because the Government had not established another office in their district?—I think that portion of the public would be looked upon as gainers to a considerable extent, because they can send their messages cheaper than they could under the old companies, and if they come to us to open an office in their neighbourhood we should decline to do it except under a guarantee.

5407. I will give you Ascot, for instance; the only office for years has been at the railway station, and now it is proposed to establish a separate office under the Post Office; do you think it is fair to charge the inhabitants an extra rate under the Post Office, they having been under the 1 *s.* rate under the companies?—There might be

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Mr. *Blackwood.*

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Mr. *Goldsmid*—continued.

cases in which injustice would appear to arise, and the rule might be open to adjustment.

5408. I think that your evidence would rather go to say that perhaps much greater advantage could be obtained by economy of administration than by an additional charge?—Certainly the addition to the charge will not result in any very great revenue, and there are, no doubt, economies in administration which I hope can be carried out.

5409. And you would probably agree with me that in all probability in a few years the telegraph service may be made a very paying service?—I believe that if our accounts are treated upon the principle I propose, it will be not a very long time before the Telegraph Service exhibits a financially paying condition of affairs, but it is impossible that it can do so as long as we have to charge to revenue an enormous expenditure which is properly chargeable to capital. I must, at the same time, say I do not want to alter the national system of charging to revenue those expenses, but I want to show, by an amended proper commercial account, what is the real condition of affairs.

5410. If that is so it can hardly be worth while, can it, to disturb the general arrangements with which the public are acquainted, by making the small additional charge which is now proposed?—We should like to make as much as we can.

5411. I suppose, generally speaking, when a vacancy occurs in any office, before you fill it up, you make careful inquiries to see that it is necessary to fill it up?—The way in which a vacancy is filled up is this: each station or town has its authorised establishment, and if a vacancy occurs the Postmaster would fill it up or promote with the approval of the Postmaster General.

5412. Do you think it is desirable, seeing that the proportion of staff in Dublin is so much higher than it ought to be, when you compare it with Edinburgh or Birmingham, to leave that control to the Postmaster?—He is required to make use of his redundant staff in the first place.

5413. But what he considers redundant staff may not be really redundant staff?—That would come to our knowledge at head quarters, and we are pretty sure to exercise close supervision.

5414. But I want you to see that if the number of clerks employed at Dublin to do the work is very much greater than at Edinburgh, before you allowed any vacancies to be filled up, it would be desirable, would it not, to consider very carefully the staff arrangements at Dublin?—An inquiry is going on now with respect to the staff at Dublin.

5415. In that way considerable economy might be exercised without doing any injury to your existing staff?—Some economy certainly.

5416. Then going back to the proposed extra charges, you propose 2*d.* for a receipt, where the ordinary receipt throughout the country is 1*d.*?—The receipt stamp is the Government stamp.

5417. But the receipt stamps cost the Government nothing?—The Government stamp of 1*d.* is not a charge for the work performed, or service done; it is simply a means of raising revenue.

5418. Do you not think that for 1*d.* receipt stamp, if it were known that a receipt for a telegram would be given, you might get a considerable number, which a charge of 2*d.* would drive away?—As the honourable Member suggests, few people require it, but there are persons, merchants, and others, who occasionally require receipts for telegrams in proof of the expenditure of their servants, and to put that at 1*d.* would hardly produce anything; whereas, those who want it would pay 2*d.*, and would be glad to get it.

5419. But I was trying to put it in this way, whether the charge of 2*d.* would not keep off people who would otherwise take it?—I do not think so.

5420. You made a report with Captain Galton and Mr. Rowsell, about the system of store-keeping?—I did.

5421. Have all the recommendations made in that report been adopted?—They are still under the consideration of the Treasury.

5422. Have you called the attention of the Treasury to the fact that it is a year since it was sent in?—It was only yesterday that I received an intimation that it will almost immediately be adopted in substance.

5423. As far as the general financial arrangements of the Post Office are concerned now, you do not think that there is any possibility of irregularities in the future, such as you had to look into when you went into the office?—I can see no door for them.

5424. You think that as far as that is concerned the Committee may rest satisfied that the accounts are kept in the most accurate and best form that can be adopted?—I believe there is every security for that.

5425. And you believe, with the economies which, in your opinion it is possible, even with the increasing business to effect that, before a long time has elapsed even upon your present balance-sheet, you will find a fair profit shown?—Yes, if allowance be made for capital charges.

Mr. *Ripley.*

5426. Since you became connected with the Post Office Department, a change has been made in the use of special stamps in the Telegraph Department?—Yes.

5427. Are you aware that in Australia, postage stamps are used for both telegraph and postal purposes?—I have no knowledge of that.

5428. Do you think it necessary that there should be two classes of stamps?—I think it is a most economical and advisable arragement; the result is, that we are enabled to economise to the extent of nearly 5,000*l.* a year in our accounts. Formerly, in order to distinguish between postal and telegraph revenue, a record had to be kept at each telegraph office in the country, of the amount of value of postage stamps affixed to telegraph messages, and a corresponding account had to be kept at the head-quarters. Now the use of telegraphic stamps is a self-acting intimation of the amount that is consumed, and all this account keeping is swept away.

5429. But surely, that might be ascertained by simply counting the telegrams, which are collected again afterwards, and upon which the stamps appear, which would give the entire amount?—Precisely so; and it is that counting at provincial offices and at head-quarters, which costs us in clerks and accountants 5,000*l.* a year.

5430. Is that simply for counting the papers after the telegrams have been sent?—There must be an account kept in each office by each provincial

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Mr. *Ripley*—continued.

provincial postmaster. He must state the amount he has used.

5431. In the case of large towns, are all the telegrams kept there continuously, or are they sent up to London?—I believe they are sent up to London.

5432. What possible difficulty can there be in having a department in London in which the whole of them can be counted?—Because it is absolutely necessary to keep a very close check upon our provincial post offices, and that could only, in the way you propose, be done a considerable time after date. I am not prepared to say at all that that would afford a satisfactory check at the present moment. And further, there is no inconvenience in the use of the telegraph stamp.

5433. One man alone told me that in consequence of the change he had to keep 100 *l.* worth of telegraph stamps in order to meet the various telegrams he had to send to obviate the necessity of having to send to the Post Office; and if you multiply that by the number of the people who require to send a large number of telegrams, you will see that the aggregate inconvenience must be considerable?—He would have to keep an equal number of postage stamps.

5434. But now he has to keep both?—No. His stock of postage stamps is diminished by the amount of telegraph stamps which he keeps. I should think that the balance of convenience and economy is decidedly in favour of the use of telegraph stamps.

5435. But we must keep all the different stamps?—I do not keep any stamps. If I go into a telegraph office, I pay my 1 *s.*, and the stamp is put on. It is only in the large houses of business where they keep large stocks of stamps.

Dr. *Cameron.*

5436. You mentioned that by some different form of account which you had drawn up, you made out that the net revenue of the Telegraph Department, without deducting anything for interest, amounted to what would pay 2½ per cent. upon the capital; did I rightly understand that?—Yes; for the past year very nearly so.

Dr. *Cameron*—continued.

Mr. *Goldsmid.*

5437. Taking the capital and the revenue that had been voted?—Yes, about 10,000,000 *l.*

Dr. *Cameron.*

5438. The amount of interest paid upon that capital is about 3½ per cent., is it not?—3¼ per cent.

5439. That would leave still 75,000 *l.* a year of loss; instead of showing less loss it would show more than the statement of the Postmaster General?—I do not quite follow the honourable Member.

5440. You say that making out your accounts according to a commercial form the business of last year showed a net profit of 249,226 *l.*; that 249,226 *l.*, you said, would suffice to pay 2½ per cent. upon the 10,000,000 *l.* capital, roundly speaking?—Yes.

5441. You say that the nation pays 3¼ per cent. for the 10,000,000 *l.*?—Yes.

5442. That would amount to about 75,000 *l.* more than we get?—Yes.

5443. So that the loss on the service for the year will be 75,000 *l.* instead of 55,000 *l.*?—Yes; but that 55,000 *l.* was merely an average sum calculated upon five years, on the first two of which a profit was made.

5444. You spoke of showing rather a better result if the accounts were made out on your plan?—What I mean to say is this, that if the telegraph service is regarded as a company trading with its own capital, it would have been able in the past year to have paid a dividend of almost 2½ per cent., but it has started with a borrowed capital, and it is not yet able, in the first few years of its existence, to pay that dividend. It is like many companies which cannot pay a dividend for the first few years.

POST OFFICE TELEGRAPHS.

ACCOUNTS of the Post Office Telegraph Service for the Year ended 31st March 1876.

I.—CAPITAL ACCOUNT.

LIABILITIES:	£.	ASSETS:	£.
To Amount of Capital raised to 31st March 1876	9,425,837	By Amount paid for Goodwill and Plant of old Telegraph Companies, Extensions by the Post Office, Preliminary Expenses, &c., up to 31st March 1876	9,360,961
„ Further Capital required, if Annual Payments to Railway Companies and Annuitants, as per contra, were commuted, &c.	644,989	„ Estimated Value of Telegraph Rights of Railway Companies, and Estimated Value of Annuities to Redundant Officers of late Telegraph Companies, if commuted	590,000
	10,070,826		
„ Amount available for Dividend, as per Profit and Loss Account	249,226	„ Cost of Extensions charged to Telegraph Vote	82,594
		„ Cost of Sites and Buildings - ditto	37,271
		„ Sundry Balances, including 64,876 *l.* unexpended out of Capital raised to 31st March 1876	249,226
£.	10,320,052	£.	10,320,052

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Mr. *Blackwood.*

13 June 1876.

II.—WORKING ACCOUNT.

EXPENDITURE:	£.	REVENUE:	£.
To Salaries, Wages, Maintenance, &c. - -	1,037,120	By Message Receipts, Private Wire Rentals, &c. - - - - - - - - -	1,250,246
Balance carried to Profit and Loss Account -	249,226	„ value of Services rendered to Government Departments without payment - - -	9,684
		Extra Receipts - - - - - -	26,416
£.	1,286,346	£.	1,286,346

III.—PROFIT AND LOSS ACCOUNT.

	£.		£.
To Amount of Dividend, being at the rate of 2·47 per cent. on a Capital of 10,070,826 *l.* -	249,226	By Balance from Working Account - -	249,226
£.	249,226	£.	249,226

IV.—EXPLANATORY NOTES.

THE sum of 10,070,826 *l.* entered in the Capital Account is the amount of capital which would have been required had all charges in the nature of capital been included in that account. The sum of 9,360,961 *l.* entered in the Capital Account as expended to 31st March 1876 is the amount actually brought to account in the books of the Post Office as expended on Capital Account to that date. The amounts entered as expended in respect of Extensions, and the Cost of Sites and Buildings, are the sums which have been expended under these heads and charged to the Telegraph Vote since 30th September 1873.

The amount entered as Salaries, &c., in the Working Account is exclusive of Capital Expenditure charged to the Telegraph Vote, but it is inclusive of the Telegraph Expenditure borne on the Votes of the Office of Works and Stationery Office, &c., as under :—

	£.	£.
Amount charged to Telegraph Vote - - - - - - - - -		1,031,516
„ to Vote of Office of Works - - - - - - -		23,708
„ to Vote of Stationery Office - - - - - - -		41,763
Estimated Cost of Manufacture of Stamps charged to Vote of Inland Revenue.		2,000
		1,098,987
Less—	£.	
Payments to Railway Companies in respect of their Telegraph Rights.	23,000	
Annuities to Officers of the late Telegraph Companies -	13,000	
Telegraph Extensions - - - - - - - -	18,000	
Purchase of Sites and Buildings - - - - -	5,328	
Loss incurred by employment of Royal Engineers - -	2,539	
		61,867
	£.	1,037,120

The amount entered in the Working Accounts as Revenue consists of receipts in respect of Telegrams, Wire Rentals, Registration of Abbreviated Addresses, &c., Extra Receipts, and the value of work done for other Government Departments, but not paid for by them. The Extra Receipts consist of the Proceeds of the Sale of Old Stores, Rents of Sub-let Premises, &c.; and the work done for other Government Departments consists of the Value of the Telegrams sent for them, Wire Rentals, Clerks' Services, &c.

Geo. Chetwynd,
Receiver and Accountant General.

General Post Office,
June 1876.

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Thursday, 13*th July* 1876.

MEMBERS PRESENT:

Colonel Alexander.
Mr. Cavendish Bentinck.
Dr. Cameron.
Mr. William Beckett Denison.
Mr. Goldsmid.
Mr. Leveson Gower.
Mr. John Holms.
Dr. Lyon Playfair.
Mr. Sclater-Booth.

THE RIGHT HONOURABLE DR. LYON PLAYFAIR, IN THE CHAIR.

Mr. GEORGE CHETWYND, called in; and Examined.

Chairman.

5445. WHAT position do you hold in the Post Office?—The position of Receiver and Accountant General.

5446. Have you made any calculations as to the expenditure of the engineer establishment as well as of the establishment of Royal Engineers employed by the Post Office?—Towards the end of last year it became my duty to investigate that question; I went into it, and I have prepared some tables which show certain results.

5447. Are there not 580 persons borne upon the English establishment according to the Estimates for last year?—580 is the number for the present year and for the United Kingdom.

5448. How many per cent. of these are of the mechanical class, and how many per cent. of the supervising class?—About 60 per cent. are of the mechanical class, and 40 per cent. of the supervising class.

5449. Of the district under the Royal Engineers, what is the per-centage of the supervising class, and of the mechanical class?—Sixty-four per cent., and 36 per cent., respectively.

5450. Sixty-four per cent. of the mechanical class, and 36 per cent. of the supervising class you mean?—Yes.

5451. Taking the Post Office engineering force, and not speaking of the Royal Engineers at present, what is the average cost per man of the Post Office engineering force?—About 109 *l.*

5452. In the eastern division supplied by the Royal Engineers, what is the average cost?—To the Post Office, about 68 *l.* per man per annum.

5453. That shows a difference, does it not, of 41 *l.* per man?—It does.

5454. You spoke of having drawn up a table showing the present cost of the engineering branch of the Post Office, excluding the eastern division; would you hand in such table?—Yes (*the Witness handed it in*).

5455. Have you drawn up a similar table showing the cost of the Royal Engineers of the eastern division?—No, I have not.

5456. Only exclusive of the eastern division?—I have excluded the eastern division from both the tables (*handing in a second Table*).

5457. This other table which you hand in is a "Statement showing the engineering force of the several divisions assimilated as regards character of force and pay to the force of the eastern division"?—That is so.

5458. From these tables what do you make the cost of all the divisions, excluding the Royal Engineers', eastern division?—For salaries and wages, 58,223 *l.*

Chairman—continued.

5459. What would be the cost according to your second table if those divisions were assimilated to Royal Engineers' officers?—£. 35,121.

5460. The difference in favour of the Royal Engineers so far as the Post Office is concerned, is 23,102 *l.*, is it not?—It is.

5461. What do these tables show to be the cost of salaries and wages per mile of wire and the cost per office?—These tables show that the cost of salaries and wages per mile of wire is 12 *s.*, and that the like cost per office is about 17 *l.* as compared with about 7 *s.* 2 *d.* per mile of wire, and about 10 *l.* per office if the Royal Engineers were substituted for the present Civil force.

5462. Are these tables drawn out on the supposition that the proportion of supervising force to the mechanical force is the same as at present?—Yes.

5463. But suppose you had made them the same as that actually existing in the eastern division, what would have been the result?—There would be a difference in favour of the Royal Engineers.

5464. But the amount you have not stated?—I have not stated the amount.

5465. But on the two tables you have given in you have not considered the fact that if you assimilated the other divisions according to the Royal Engineers' division you would have the question of pensioning off a large staff to take into consideration?—I have taken that into consideration, but not in these figures which I have already given.

5466. Would you give us the result of taking that into consideration, supposing that you had to pension off both the mechanical force and the officers of the other divisions?—The mode in which I arrived at that was this: I made a Table, No. 3, which you have there, which showed the amounts of salary paid to officers of the Post Office who were superannuated in the year 1874, the year in which the accounts were then last completed. The result of that table was that 205 officers were pensioned, their salary on retirement was 15,078 *l.* and the amount of superannuation given to them was 6,159 *l.*; and the proportion of superannuation to salary was 40·8 per cent.

5467. Then you take 40·8 per cent. as the proportion which the pensions would bear to the salaries of the engineering force?—No, I took

Mr. *Chetwynd.*
13 July 1876.

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Mr. *Chetwynd.*

13 July 1876.

Chairman—continued.

40 in round numbers, because I felt sure that I had got rather too much; I took 40 as the mode of getting an approximate amount.

5468. So that it would require 23,289 *l.* to pension the whole of the Civil force if the Civil force were swept away?—Yes.

5469. That would absorb all the saving that you made out by the previous table?—Roundly speaking, it would.

5470. But would not that pensioning sum of 23,289 *l.* be a temporary charge upon the revenue?—It would be a temporary charge unless there was a commutation; when men are abolished they have a right to commute their pensions, and the interest on the commuted amount would always appear.

5471. There would be a saving made then by the amount saved in annual increments, and also by the falling in of the pensions?—Yes.

5472. But the general result is that, even at the present moment, according to your calculations, a Royal Engineer force might be substituted for the Civil engineering force by dispensing with them and pensioning them, without costing the department, as a department, any more?—Yes, the pensions would about equal the difference or saving.

Mr. *Sclater-Booth.*

5473–4. In making this comparison between the cost of the engineering work done by the civilian and military staff, you have based it upon this year's Estimates, as I understand?—Yes.

5475. According to the Estimates a reduction in the Royal Engineers was effected, was there not?—I have taken that into account.

5476. But no reduction in the civilian force?—No; there are many vacancies in the civilian force at present.

5477. Mr. Graves in his recommendations estimates that there might be a reduction of 13,000 *l.* a year on the total of 58,000 *l.* as the cost of the engineering establishment, does he not?—I do not know; I have not read his report at present.

5478. Assuming that it is so, that would be a reduction of one-fourth on the whole?—Yes.

5479. Do you know what the reduction has been in the case of the Royal Engineers in the Estimates as compared with last year?—I may say that these are the present year's Estimates; I am working on 47 men employed, and I have taken the actual pay of 47 men, including their barrack allowance.

5480. Do you know what is the reduction effected in the establishment of Royal Engineers employed in the Post Office in this year's Estimates as compared with last?—There is an apparent reduction in the Estimates because there was an error in the previous year's Estimates as to the number of men apportioned to the eastern division; I think Major Webber made a reduction of a few men last year, but they are taken into account. I have taken the 47 men who, I believe, now are actually employed in the eastern division. Therefore I have allowed for any saving that Major Webber has made.

5481. You have not seen Mr. Graves's Report, you say?—No, I have not.

5482. You are not aware that he considers that the supervising work now performed by 10 officers of the Royal Engineers might be done by six civilians?—No, I really do not know what is in Mr. Graves's Report; I have not read it.

Mr. *Sclater-Booth*—continued.

Mr. *Goldsmid.*

5483–4. As I understand you, you have made those calculations upon the reduced figures of Major Webber for this year?—I think so. I took these figures in November last when we were preparing the Estimates, and I think I have got the same figures in my calculation that appear in the Estimates. I have not the Estimates before me, but I believe I am right.

5485. And you have said that it will be an economy, as far as the Post Office is concerned, if the Royal Engineers are employed instead of civilians, is that so?—I have said that if the Royal Engineers were employed in place of civilians there would be a saving in salaries of 23,000 *l.* a year; but there would be an increase of pensions to the same amount.

5486. Have you calculated what the soldier costs the State altogether?—No, I have not taken that into account at all; I have simply proceeded on what it costs the Post Office.

5487. Or have you calculated upon the fact that the soldier is now, under Mr. Hardy's Act, to receive deferred pay, which must be looked upon in the light of a pension?—No; I have simply taken what it costs the Post Office, nothing more.

5488. If the Government had to take on, or to authorise the taking on, of extra men in order to employ them for the purpose of the Telegraphic Department, you do not mean to say that then it would be an economy to employ the Royal Engineers against the Civil Engineers?—No, I have really not gone outside the Post Office view of the question, and I have simply adhered to a financial view of the question within the Post Office.

5489. It might cost the country, therefore, very much more, though it cost the department less?—Yes, it might.

Chairman.

5490. I understand that you are taking a purely departmental view?—That is what I intended to take.

5491. And that all that you state is, that irrespective of any questions of public policy it does not cost the department more to employ Royal Engineers than it does to employ civilians?—Yes, that is the result of my statements and the tables.

Mr. *Sclater-Booth.*

5492. But have you, in your statements, taken into account, that, whereas in the last year the Royal Engineers have been reduced from 62 to 47, there is not any reduction in the civilian establishment, but that by the admission of the department a large reduction can be and will be effected?—I have dealt simply with the figures before me at the time.

Mr. *W. B. Denison.*

5493. The amount of loss by pensions will, of course, get less every year?—Yes, if people die.

Mr. *Sclater-Booth.*

5494. But do the people ever die?—They do, frequently; there is a large reduction every year in the number of our old pensioners.

[*The*

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[*The following are the Tables handed in by the Witness:—*]

Post Office Telegraphs.

STATEMENT of the Engineering Force as it will be shown in the Estimates for the Year 1876–77, excluding the Eastern Division, which is worked by Royal Engineers.

DIVISIONS.	Divisional Engineers.	Superintending Engineers.	Superintendents, 1st Class.	Superintendents, 2nd Class.	Inspectors, 1st Class.	Inspectors, 2nd Class.	Clerks, Upper Section.	Clerks, Lower Section.	Clerks for Superintendents.	Writing Clerks.	Messengers.	Relay Clerks, 1st Section.	Relay Clerks, 2nd Section.	Mechanics, Linemen, &c.	Total Number of Staff.	Total Cost.	Mileage of Wire in each Division.	No. of Postal Telegraph Offices in each Division.	Cost per Mile of Wire.	Cost per Office.
																£.			£.	£.
Metropolitan - -	-	2	*2	†4	‡17	§ 2	3	2	-	-	-	-	-	42	74	9,662	6,231	399	1·5	24
Southern - - -	1	-	1	4	2	11	1	3	3	2	1	1	2	52	84	8,573	16,657	728	0·5	12
North Western - -	1	-	1	4	2	13	1	3	4	5	1	-	-	55	90	9,229	20,633	487	0·5	19
Northern - - -	1	-	1	3	3	7	1	2	2	2	1	-	-	48	71	7,517	14,998	387	0·5	19
North Eastern - -	1	-	-	4	3	11	1	2	3	1	1	-	-	35	62	6,640	13,400	392	0·5	17
Scottish - - -	1	-	1	4	2	8	1	3	4	4	1	-	-	51	80	7,949	12,545	447	0·6	18
Irish - - -	1	-	3	4	4	13	1	4	2	3	1	-	-	37	72	8,653	13,942	600	0·6	14
	6	2	9	27	33	64	9	19	18	17	6	1	2	320	533	58,223	98,406	3,440	0·6	17

* Upper Section. † Lower Section. ‡ Inspectors. § Junior Inspectors.

STATEMENT showing the Engineering Force of the several Divisions assimilated as regards Character of Force, and Pay to the Force, of the Eastern Division.

DIVISIONS.	Divisional Engineer.	Superintending Engineers.	Superintendents, 1st Class.	Superintendents, 2nd Class.	Inspectors, 1st Class.	Inspectors, 2nd Class.	Clerks, Upper Section.	Clerks, Lower Section.	Clerks for Superintendents.	Writing Clerks.	Messengers.	Relay Clerks, 1st Section.	Relay Clerks, 2nd Section.	Mechanics.	Barrack Allowances.	Total Staff.	Cost.	Mileage of Wire in each Division.	No. of Postal Telegraph Offices.	Cost per Mile.	Cost per Office.
															£.		£.			£.	£.
Metropolitan - -	1	-	2	4	17	2	3	2	-	-	-	-	-	42	289	73	5,27	6,231	399	0·8	13
Southern - -	1	-	1	4	2	11	1	3	3	2	1	1	2	52	332	84	5,029	16,657	728	0·3	7
North Western -	1	-	1	4	2	13	1	3	4	5	1	-	-	55	357	90	5,747	20,633	487	0·3	12
Northern - -	1	-	1	3	3	7	1	2	2	2	1	-	-	48	280	71	4,340	14,998	387	0·3	11
North Eastern -	1	-	-	4	3	11	1	2	3	1	1	-	-	35	242	62	4,222	13,400	392	0·3	11
Scottish - - -	1	-	1	4	2	8	1	3	4	4	1	-	-	51	315	80	5,207	12,545	447	0·4	11
Irish - - - -	1	-	3	4	4	12	1	4	2	3	1	-	-	37	272	72	5,306	13,942	600	0·4	9
	7	-	9	27	33	64	9	19	18	17	6	1	2	320	-	533	35,121	98,406	3,440	0·36	10

	£.	s.	d.
From these tables it appears that the cost of the ordinary force, exclusive of the Eastern Division, for salaries and wages, next year will be - - - - - - - - - -	58,223	-	-
And that the cost, if the force were assimilated to that of the Royal Engineers in the Eastern Division, would be - -	35,121	-	-
Showing a difference on the year in favour of the Royal Engineers of - - - - - - - - - - £.	23,102	-	-

In the second of the foregoing Tables it is assumed that the proportions of supervising force to the mechanical force are the same as those of the non-military engineering force; but if the proportions of the supervising force to the mechanical force actually existing in the case of the Royal Engineers, had been adopted, the cost of employing the military force would have been reduced, and the difference between the two classes of force would have been greater.

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Mr. *Chetwynd.*

13 July 1876.

TABLE showing the Amount of Salary paid to Officers of the Post Office who were Superannuated in the Year 1874, the Amount of Superannuation awarded, and the Proportion which the Superannuation bore to the Salary.

	Number of Officers.	Salary on Retirement.	Amount of Superannuation.	Proportion of Superannuation to Salary.
		£. s. d.	£. s. d.	
England - - -	157	11,524 12 –	4,692 7 10	40·7 per cent.
Scotland - - -	28	1,194 18 –	456 12 3	38·2 „
Ireland - - -	20	2,358 19 1	1,010 – 2	42·8 „
	205	15,078 9 1	6,159 – 3	40·8 per cent.

This table shows that the salaries amounted to 15,078 *l.*, and the pensions to 6,159 *l.*, the proportion of pension to salary being 40·8 per cent. Taking 40 per cent. as the proportion which the pensions would bear to the salaries of the engineering force, excluding the Royal Engineers, it would cost about 23,289 *l.* a year to pension the whole of that force; so that if this sum be compared with the difference in favour of the Royal Engineers, as shown above, viz., 23,102 *l.*, the advantage would be slightly on the other side on next year's figures; but this would of course be corrected yearly by the amount saved in annual increments, and also by the falling in of the pensions.

General Post Office,
30 November 1875.

Geo. Chetwynd,
Receiver and Accountant General.

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APPENDIX.

Appendix, No. 1.

PAPER handed in by Mr. *Hobson*.

STATEMENT showing Capacity of a LONDON and GLASGOW WIRE in Eight Hours' Full Work, by Automatic and Duplex Working, in Good Weather and in ordinary Average Weather.

The cost and earnings of such a wire are shown at the present rates, at a sixpenny rate for 12 words and a shilling rate for 24 words, inclusive of addresses.
In every case seven words have been calculated for official instructions with each message.

APPARATUS.	State of Weather.	Number of Clerks at each end.	Number of ordinary Messages per Hour.	Number of 12-word Messages per Hour.	Number of 24-word Messages per Hour.	Cost of Wire, &c. for ordinary Messages per Hour.	Gross Receipts per Hour.	Nett Receipts per Hour.	Cost of Wire for 12-word Messages per Hour.	Gross Receipts per Hour.	Nett Receipts per Hour.	Per-centage of Decrease.	Cost of Wire for 24-word Messages per Hour.	Gross Receipts per Hour.	Nett Receipts per Hour.	Per-centage of Increase.
						£.	£.	£.	£.	£.	£.		£.	£.	£.	
Wheatstone Automatic.	Good -	4	80	155 93·75 per cent.	95 18·75 per cent.	3,160	8,320	5,160	4,135	8,060	2,925	23·9	3,355	9,880	6,525	26·4
Ditto - -	Ordinary	4	50	97 94· per cent.	59 18· per cent.	2,770	5,200	2,430	3,381	5,044	1,663	31·5	2,887	6,136	3,249	33·7
Duplex - -	Good -	3	86	167 94·18 per cent.	102 18·6 per cent.	3,038	8,944	5,906	4,091	8,684	4,593	22·2	3,246	10,608	7,362	24·6
Ditto - -	Ordinary	3	50	97 94· per cent.	59 18· per cent.	2,570	5,200	2,630	3,181	5,054	1,873	28·7	2,687	6,136	3,449	31·1
Bain - - -	Good -	7	120	233 94·16 per cent.	143 19·18 per cent.	4,080	12,480	8,400	5,549	12,116	6,567	21·8	4,397	14,872	10,475	24·7
Ditto - -	Ordinary	7	100	194 94· per cent.	119 19· per cent.	3,820	10,400	6,580	5,042	10,088	5,046	23·3	4,067	12,376	8,309	26·2

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Appendix, No. 2.

PAPER handed in by Mr. *Tilley*.

RETURN showing COST per MESSAGE, exclusive of News, at the Undermentioned Offices.

NAME OF OFFICE.	Established Force of Clerks, Learners, &c.	Mean Annual Cost of the Force.	Number of Forwarded Messages from 1st April 1875 to 31st March 1876.	Number of Received Messages from 1st April 1875 to 31st March 1876	Number of Transmitted Messages from 1st April 1875 to 31st March 1876, counting each as two Transactions.	TOTAL.	Total Mean Annual Cost of Clerks, Messengers, &c., &c., employed exclusively on News Work.	Cost of Portion of Wages of Clerks, &c., not exclusively employed on News Work.	Number of Circuits in Office.	Cost per Message exclusive of News.	REMARKS.
		£. s. d.					£. s. d.	£. s. d.		d.	
London, T. S. - -	1,629 (*a*)	94,063 6 -	2,576,874	2,412,005	(*b*)11,830,320	16,819,199	9,026 3 8	3,014 8 -	529 and 25 tubes, besides house tubes.	1·17	(*a*) Force employed in 5 offices. (*b*) Including 827,744 Foreign Messages counted singly.
Liverpool - - -	543 (*c*)	26,650 7 -	1,022,817	1,072,040	1,426,024	3,520,881	2,083 4 8	214 10 -	123 and 5 tubes.	1·65	(*c*) Employed in 11 offices.
Manchester - - -	539 (*d*)	27,321 - 6	890,500	709,579	2,353,610	3,953,689	2,209 7 4½	250 - -	140 and 5 tubes.	1·50	(*d*) Employed in 7 offices.
Birmingham - -	244 (*e*) (*f*)	11,072 2 2	207,992	236,533	1,291,726	1,736,251	1,483 - -	624 - -	65 and 2 tubes.	1·23	(*e*) Employed in 3 offices. (*f*) Six clerks are frequently employed at other offices.
Exeter - - - -	73 (*g*)	3,562 13 8	27,613	42,854	328,492	398,959	374 8 -	30 - -	31	1·89	(*g*) Includes 7 redundant clerks and 1 instructor. If mean cost of these be deducted the cost per message will be 1·58 *d*.
Leeds - - - -	194 (*h*)	11,569 10 -	153,549	211,390	1,479,692	1,844,631	1,300 - -	439 - -	85	1·27	(*h*) Employed in 5 offices.
Bristol - - -	171 (*i*)	7,790 18 6	180,414	205,090	1,048,278	1,433,782	678 10 3	188 18 11	62	1·15	(*i*) Employed in 7 offices.
Newcastle-on-Tyne -	261 (*j*)	12,068 12 -	314,872	379,432	931,128	1,625,432	2,186 12 -	462 8 -	78	1·39	(*j*) Employed in 4 offices.
Carlisle - - -	36	1,690 16 2	26,130	30,890	337,422	394,442	- - -	128 14 6	25	·95	
Edinburgh (including Leith).	307 (*k*)	13,202 1 7	257,372	312,567	1,180,800	1,750,739	1,137 3 -	411 11 -	76	1·59	(*k*) Employed in 6 offices.
Glasgow - - -	398 (*l*)	17,850 10 3½	644,096	787,024	1,673,108	3,104,228	1,990 - -	506 - -	96 and 1 tube.	1·26	(*l*) Employed in 4 offices.
Dublin - - -	394 (*m*)	19,416 11 5	270,291	348,278	1,083,458	1,702,027	2,363 6 11	716 10 -	74 and 5 tubes.	2·30	(*m*) Including 4 clerks not employed on message work and 20 redundant female clerks. Force employed in 15 offices.
Belfast - - -	153 (*n*)	7,755 8 5	155,919	220,288	1,256,200	1,632,407	1,097 4 -	147 8 11	43	·96	(*n*) Employed in 6 offices.
Cork - - - -	112 (*o*)	5,307 - -	103,266	70,422	378,322	552,010	- - -	900 - -	49	1·91	(*o*) Employed in 6 offices.

General Post Office,
12 May 1876.

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Appendix, No. 3.

LETTER from the Chairman of the Committee to the Postmaster General. Appendix, No. 3.

My Lord, House of Commons, 16 May 1876.

A WITNESS, Mr. Hobson, Postmaster of Glasgow, appeared before the Telegraph Committee to-day. In the course of his evidence he (on being required) produced a letter addressed to him by Mr. Patey, conveying a censure on the part of your Lordship, as Postmaster General, and Mr. Tilley, as Secretary, for having furnished to a Member of the Committee questions relating to a Report submitted by him in November last to the Post Office. The witness stated positively that he had not supplied the Report, or questions relating to it, to any member of the Committee; and further, that he made no suggestion that he should be called as a witness, but received from the Chairman, through Dr. Cameron, a request to hold himself in readiness to be examined before the Committee.

Your Lordship will, therefore, perceive that Mr. Patey's letter was written under erroneous impressions, and can scarcely be surprised that the Committee viewed it in a serious light. I enclose copy of a resolution passed by the Committee, and your Lordship will probably deem it right to communicate it to Mr. Tilley and Mr. Patey.

I have, &c.

The Postmaster General. (signed) *Lyon Playfair.*

LETTER from the Postmaster General to the Chairman of the Committee.

Sir, 18 May 1876.

I HAVE the honour to acknowledge the receipt of your letter of the 16th instant, enclosing a resolution of the Select Committee on the Telegraph Department of the Post Office, relative to a letter written by my direction to Mr. Hobson, the postmaster of Glasgow.

The letter in question was not intended to discourage evidence being given to the Committee, nor to impede its investigation, but was addressed to Mr. Hobson with the view of maintaining the proper discipline of the department, under the impression, then apparently well founded, that official information had been irregularly communicated by that gentleman.

I am, however, glad to hear from you that the Committee were able to satisfy themselves that this impression was founded on a misapprehension, and, I need hardly add, that Mr. Hobson is, and always has been, at perfect liberty so far as I and this department are concerned, to give the fullest and freest explanation of his views to the Committee over which you preside.

I have, &c.

The Right Honourable Lyon Playfair, M.P. (signed) *John Manners.*

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Appendix, No. 4.

Appendix, No. 4.

PAPER handed in by Mr. *Saunders*.

MESSAGES sent by CENTRAL NEWS, Monday, 22nd May 1876.

SERVICE.	Number.	Time sent Out.	Words.	Total Words.	Number of Addresses.	Cost of Transmission.
		H. M.				£. s. d.
Morning Express	2	5.5 a.m.	165			
		5.30 „	190			
				355	20	– 16 8
Commercial Morning Express	3	5.41 „	100	100	13	– 3 –
General News, C. (Day Supply)	4	11.15 „	49			
Full Service	–	11.30 „	92			
		1.30 p.m.	34			
		2.20 „	38			
Traffic Returns	–	2.45 „	7			
„	–	3.14 „	7			
„	–	4.3 „	7			
				284	74	3 5 10
General News, B., Day Supply	7	11.1 a.m.	36			
Brief Service	–	2.45 p.m.	11			
				47	179	1 9 8
Parliamentary, Brief (up to 6 p.m.)	8	5.12 „	119			
„ „	–	5.53 „	31			
				150	17	– 7 4
„ „ (6 to 9)	9	7.26 „	104			
		9.9 „	86			
				190	10	– 5 –
„ „ (9 to close)	10	10.44 „	66			
		12.0 „	55			
		13.31 „	43			
		1.25 „	41			
		1.47 „	7			
				212	2	– 3 6
Brief, Morning Express	11	5.41 a.m.	98	98	3	– 1 4
General News (Night), E.	12	6.20 „	51			
		6.50 „	71			
		9.0 „	110			
		9.30 „	264			
		10.6 „	119			
		10.30 „	203			
		10.45 „	104			
		11.25 „	35			
		2.20 „	22			
				979	28	2 15 –
Stocks	18	12.50 „	53			
		2.43 „	22			
				75	6	– 1 10

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Appendix, No. 4.

SERVICE.	Number.	Time sent Out.	Words.	Total Words.	Number of Addresses.	Cost of Transmission.
		H. M.				£. s. d.
Parliamentary, Full - - - -	17	6.0 p.m.	1,152			
		6.2 „	135			
		7.10 „	159			
		7.35 „	148			
		9.9 „	382			
		8.25 „	122			
		10.41 „	241			
		12.34 „	44			
		1.47 a.m.	34			
				2,412	12	3 10 10
London Betting - - - -	19	2.50 p.m.	99	99	64	1 3 -
London Stock Exchange - - -	21	11.19 a.m.	57			
		12.2 p.m.	42			
		1.10 „	37			
				136	20	- 8 4
„ „ „ - - -	22	2.0 „	15			
		3.14 „	37			
		4.8 „	20			
				72	14	- 3 2
London Coal (3 days) - - -	23	4.10 „	-	30	7	- 2 -
Parliamentary Sketch - - -	26	6.57 „	-	847	11	1 4 -
General News, G. (from Cardiff) -	27	11.0 a.m.	-	53	16	- 3 6
„ „ (from Bristol) -	-	12.35 p.m.	-	74	-	- 3 6
„ „ (from London) -	-	11.45 a.m.	-	66	-	- 3 6
London Cattle (Monday and Thursday)	28	10.57 „	-	64	29	- 5 8
„ Corn (opening) - - -	29	12.17 p.m.	-	77	38	- 14 4
„ „ (closing) - - -	30	2.0 „	-	33	38	- 7 2
Wind and Weather - - - -	-	- -	-	200	6	- 5 6
London Potatoes (3 days) - -	34	1.10 p.m.	-	73	6	- 1 10
„ Produce - - - -	35	2.45 „	-	57	14	- 3 2
„ Wool - - - - -	38	1.14 „	-	52	6	- 1 10
Liverpool Cotton, A. (opening) - -	-	10.37 „	-	13	28	- 5 6
„ „ B. (closing) - -	-	12.15 „	-	22	33	- 6 4
„ Shares, A. (opening) - -	-	11.37 „	-	63	5	- 1 8
„ „ B. - - - -	-	3.47 „	-	63	4	- 1 6
„ Produce - - - -	-	5.32 „	-	75	4	- 1 6
Manchester Shares, A. - - -	-	12.5 „	-	51	6	- 1 10
„ „ B. - - -	-	3.34 „	-	45	5	- 1 8
„ Cotton - - - -	-	12.47 „	-	56	18	- 3 10
Glasgow Pig Iron, 1st Report - -	-	12.7 „	-	23	15	- 3 4
„ „ „ 2nd „ - -	-	2.47 „	-	21	12	- 2 10
Cork Corn Report - - - -	-	12.45 „	-	10	7	- 2 -
„ Butter „ - - - -	-	11.45 „	-	53	27	- 5 4
Clyde Crush Sugar - - - -	-	11.15 „	-	11	13	- 3 -
Liverpool Cattle - - - -	-	1.10 „	-	30	22	- 4 6

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Appendix, No. 4.

SERVICE.	Day Rate.	Night Rate.	Number of Addresses.	Cost of Transmission. £. s. d.
Miscellaneous Telegrams to Lists:				
From Queenstown; Caswell Enquiry -	278	- -	27	1 1 4
„ „ „ -	- -	358	14	- 12 8
„ Leeds; Damage to Crops - -	- -	85	34	- 6 6
„ Plymouth; Scuttling Ship - -	- -	96	34	- 6 6
„ Bristol; Cardinal Manning - -	- -	96	34	- 6 6
„ Queenstown; Passenger List -	- -	241	3	- 4 -
„ London; The Court - - -	- -	87	7	- 2 -
„ „ Cricket - - -	- -	163	2	- 2 4
„ „ Science Conference -	- -	202	4	- 4 6
„ „ Stock Exchange Report	- -	744	9	- 18 8
„ „ Stock Exchange, C. -	- -	112	7	- 4 -
„ „ Grain Trade - - -	- -	196	3	- 2 8
Messages from Country to C. News:				
From Horsham - - - - -	38	- -	- -	- 1 -
„ Consett - - - - -	63	- -	- -	- 1 -
„ Newry - - - - -	87	- -	- -	- 2 -
„ Edinburgh - - - - -	66	- -	- -	- 1 -
„ Rochester - - - - -	87	- -	- -	- 2 -
„ Greenock - - - - -	28	- -	- -	- 1 -
„ Dublin - - - - -	90	- -	- -	- 2 -
, Dunfermline - - - -	69	- -	- -	- 1 -
„ Maidstone - - - - -	70	- -	- -	- 1 -
„ Leamington - - - -	127	- -	- -	- 2 -
„ Goole - - - - -	69	- -	- -	- 1 -
„ Penzance - - - - -	130	- -	- -	- 2 -
„ Goole - - - - -	108	- -	- -	- 2 -
„ Aldershott - - - - -	104	- -	- -	- 2 -
„ Grimsby - - - - -	67	- -	- -	- 1 -
„ Gravesend - - - - -	221	- -	- -	- 3 -
„ Windsor - - - - -	42	- -	- -	- 1 -
„ Belfast - - - - -	100	- -	- -	- 2 -
„ Rochester - - - - -	72	- -	- -	- 1 -
„ Kensington - - - -	194	- -	- -	- 3 -
„ Penkridge - - - - -	167	- -	- -	- 3 -
„ Gloucester - - - - -	- -	65	- -	- 1 -
„ Christchurch - - - -	- -	52	- -	- 1 -
„ Windsor - - - - -	- -	51	- -	- 1 -
„ Leicester - - - - -	- -	166	- -	- 2 -
„ Hanley - - - - -	- -	117	- -	- 2 -
„ Stratford-on-Avon - - -	- -	130	- -	- 2 -
„ Enniskillen - - - -	- -	31	- -	- 1 -
„ Oxford - - - - -	- -	23	- -	- 1 -
„ Wolverhampton - - - -	- -	107	- -	- 2 -
„ Hungerford - - - -	- -	28	- -	- 1 -
„ Ironbridge - - - -	- -	56	- -	- 1 -
„ Cambridge - - - -	- -	63	- -	- 1 -
„ Cambletown - - - -	- -	55	- -	- 1 -
„ Portsmouth - - - -	- -	61	- -	- 1 -
„ Chatham - - - - -	- -	129	- -	- 2 -
		TOTAL - - - £.		28 2 -

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Appendix, No. 5.

PAPER handed in by Mr. *Johnston*.

POST OFFICE TELEGRAPHS.

Appendix, No. 5.

RETURN showing the AVERAGE COST of PERSONS instructed in the LONDON SCHOOLS of TELEGRAPHY.

	£.	s.	d.
Average Cost based on the total capacity of the Schools - - - -	5	–	–
Average Cost on the Number of Persons actually appointed during the Year	5	15	–
Average Cost on the actual Number of Persons instructed during the Year ended 30th April 1876 - - - - - - - - - - -	4	3	–

Note.—This apportionment of the Cost of the London Schools makes no allowance for the additional work entailed by the training of Royal Engineers, and Royal Artillerymen, and Letter Receiver's Assistants; nor of the examination of Candidates for employment under the department who profess to be already skilled in Telegraphy.

Robert W. Johnston.

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Appendix, No. 6.

Appendix, No. 6.

LETTER from the Secretary of Lloyd's to the Chairman of the Committee.

Sir, Lloyd's, E.C., 24 May 1876.

I AM directed by the Committee of Lloyd's to submit to you, as Chairman of the Select Committee of the House of Commons appointed to inquire into the working of the Postal Telegraph system, the following considerations, and to solicit your attention to the same.

At the present time, while all the internal telegraph lines of Great Britain and Ireland are under the management of the Post Office, the telegraph cables which connect the Orkney and Shetland Islands with the mainland are in the hands of a private company, who are not responsible to the Government in any way for the repair or maintenance of those lines, and when they are broken frequently a considerable time expires before they are repaired. As the shipping intelligence from these outlying islands is of great importance, and as prompt information as to casualties known at these islands may often be of the utmost service in the saving of life and property, the Committee of Lloyd's trust that you will kindly give attention to the advisability of these lines being taken over by the Government, and placed on the same basis as the lines internal to the country. I may also add, that as the tariff along these lines is entirely left to the discretion of the companies very heavy rates are charged, which appear to press unduly on the shipping interest.

I am also directed to draw your attention to the fact that the cable which connects the Scilly Islands with the mainland is still in the hands of a private company, and the same remarks apply to this line as to those mentioned above. It appears, also, that there is no telegraphic communication between the main islands of the Scilly group and the outlying islands; and it is believed that, in the case of the "Schiller" (s.), many valuable lives would have been saved had such telegraphic communication existed.

I may mention that at the present time it is reported to the Committee that the cable which connects even the main islands of the Scilly group with the mainland is out of repair, and that there is no chance of its restoration.

I should also wish to draw your attention to the fact, that it is reported to the Committee that the telegraph cable between the Isle of Man and the mainland has been broken for about 12 months, and that there seems to exist no immediate probability of its repair.

I am also directed to draw your attention to the great advantage which it appears would arise from having important points, such as the Eddystone, Lundy Island, and perhaps some of the outlying light ships, connected by telegraphic cables with the mainland. Were such the case, prompt intelligence of a casualty would allow tugs and every assistance to be sent to vessels in distress; and I think I need hardly recall to your memory the wreck of the "Deutschland" (s.) as an instance how life may be sacrified by the want of such information.

I am, &c.
(signed) *Henry M. Hozier*,
Secretary.

The Right Hon.
Dr. Lyon Playfair, M.P., C.B., &c.

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Appendix, No. 7.

PAPERS put in by Mr. *R. W. Johnston.*

POST OFFICE TELEGRAPHS.

Appendix, No. 7.

RETURN showing the Amount of TELEGRAPH BUSINESS done by, or under the Special Staff, at RACE and COURSING MEETINGS during the Year 1875.

Town or District.	Public Messages.	Press Messages.	Total Number of Messages.	Estimated Total Value. £.	s.	d.
*Newmarket	71,716	15,280	86,996	4,116	14	5
*Aintree	22,275	5,477	27,752	1,426	15	4
*Doncaster	17,932	2,979	20,911	1,038	9	2
*Epsom	17,081	2,492	19,573	904	8	9
*Goodwood	14,482	1,797	16,279	833	5	4
*Warwick	12,182	3,718	15,900	708	15	5
*Ascot	12,812	1,715	14,527	700	9	11
York	11,011	2,015	13,026	587	19	–
Chester	10,812	1,772	12,584	574	4	9
Lincoln	9,188	2,243	11,431	532	14	4
Shrewsbury	8,773	1,681	10,454	498	6	9
Newcastle-on-Tyne	8,300	1,717	10,017	472	11	9
Brighton	7,869	1,869	9,738	440	10	1
*Croydon	4,554	3,443	7,997	372	6	5
*Lewes	5,569	1,813	7,382	328	7	8
*Windsor	4,687	1,680	6,367	272	7	3
*Sandown Park (Esher)	4,439	1,900	6,339	294	15	–
Bristol	4,537	1,030	5,567	287	4	9
Northampton	4,063	543	4,606	215	2	1
*Stockbridge	3,249	1,263	4,512	203	9	6
Nottingham	3,397	1,096	4,493	199	4	5
Scarborough	3,019	1,220	4,239	190	14	9
Ayr	3,111	1,124	4,235	178	–	9
Northern District	9,550	4,705	14,255	620	13	3
South Midland District	7,317	6,302	13,619	557	14	10
South Western District	5,475	5,526	11,001	498	1	6
North Western District	5,883	2,661	8,544	383	14	7
North Wales District	5,100	3,401	8,501	358	9	11
Metropolitan District	2,917	5,185	8,102	293	10	8
South Wales District	2,822	3,560	6,382	242	3	4
North Midland District	3,661	1,823	5,484	258	18	8
Scotland District	2,446	2,280	4,726	183	6	2
Eastern District	1,443	1,773	3,216	137	19	2
South Eastern District	1,467	1,638	3,105	123	17	3
Western District	1,431	1,523	2,954	112	2	10
TOTAL	314,570	100,244	414,814	19,147	9	4
TOTAL amount of Telegraph Business done at other meetings throughout the United Kingdom, notified and arranged for from London, but worked by a local staff	13,729	8,060	21,789	1,126	4	–

* At these places there is either no local staff at all, or only one of a most limited character.

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Appendix, No. 7.

POST OFFICE TELEGRAPHS.

RETURN showing the Amount of TELEGRAPH BUSINESS done by or under the Special Staff at EVENTS other than RACE and COURSING MEETINGS during the Year 1875.

Nature of Event.	Public Messages.	Press Messages.	Total Number of Messages.	Total Number of Words for Press.	Estimated Total Value.
					£. s. d.
Royal Visits to Chatham, Margate, Inverary, Sandringham, and Sheffield.	1,923	433	2,356	247,215	297 12 7
The Royal Agricultural Society's Show at Taunton.	3,773	332	4,105	84,837	254 13 5
Other Agricultural Shows and Fairs	6,445	231	6,676	23,079	361 13 9
Political assemblies at Birmingham, Aberystwith, Nottingham, Hughenden, Middlesbro', Hanley, Derby, &c.	32	703	735	556,136	229 – –
General Assemblies at Newport (Monmouthshire), Wakefield, Canterbury, Sheffield, Bristol, Stoke, Glasgow, Brighton, Stamford, Pwllheli.	3,356	2,899	6,255	662,082	689 13 6
Elections at Stroud, Stoke, West Suffolk.	621	108	729	10,865	41 1 5
Important Trials at St. Ives (Cornwall), Croydon, Greenwich, and Plymouth.	2,230	4,184	6,414	401,395	518 1 9
Festivities, &c., at Kingston, Lewes, Durham, Portsmouth, Bath, Sheffield, Darlington.	451	931	1,382	197,611	199 13 11
Boat Races, Cricket Matches, &c., at Lord's, Henley, Cowes, and Canterbury, &c.	5,531	587	6,118	139,956	372 10 11
The Railway Accident near Oxford	1,596	1,108	2,704	425,792	401 15 2
National Rifle Meetings at Wimbledon and Shoeburyness.	3,653	2,856	6,509	207,774	430 3 2
Military Manœuvres at Aldershot	3,926	511	4,437	41,167	237 4 6
Other miscellaneous events at Merthyr Tydvil, Winchester, Harwich, and Grays.	664	831	1,495	228,536	266 10 7
TOTAL - - -	34,201	15,714	49,915	3,226,445	4,299 14 8

Robert W. Johnston.

POST OFFICE TELEGRAPHS.

RETURN relating to PERSONS instructed in TELEGRAPHY during the Year ended 30th April 1876.

PARTICULARS.	London.	Elsewhere.	Total for the United Kingdom.
Number of persons who have been or now are under instruction.	241	*491	732
Number who have become qualified and been appointed	173	351	†524
Number who have failed or resigned while under instruction.	18	33	51
Number remaining under instruction - - -	50	107	157
TOTAL, as above - - -	241	491	732

* The numbers in this column are only approximate; the returns for the early part of the year not being complete.

† Of this number 280 passed through the regularly organised schools of telegraphy, and the remaining 244 were instructed miscellaneously, chiefly in the instrument rooms of the various offices throughout the kingdom.

Robert W. Johnston.

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Appendix, No. 8.

PAPER handed in by Mr. *Tilley*.

RETURN showing the Number of MESSAGES dealt with in a WEEK in each of the Years 1872 and 1875 at each of the Undermentioned Offices.

	Forwarded.		Transmitted.		Received.		TOTAL.	
	1872.	1875.	1872.	1875.	1872.	1875.	1872.	1875.
BIRMINGHAM:								
Cannon-street	2,010	2,513	8,881	13,923	3,545	4,826	14,436	21,262
Corn Exchange	71	–	–	–	–	–	71	—
Exchange	369	514	–	–	–	–	369	514
Head Post Office	151	668	–	–	–	–	151	668
TOTAL	2,601	3,695	8,881	13,923	3,545	4,826	15,027	22,444
LEEDS:								
Head Post Office	885	2,227	8,227	19,419	1,877	3,345	10,989	24,991
Chapeltown-road	–	68	–	–	–	85	- -	153
Corn Exchange	–	93	–	–	–	–	- -	93
Market-street	–	401	–	–	–	–	- -	401
Stock Exchange	214	223	1	–	367	787	582	1,010
TOTAL	1,099	3,012	8,228	19,419	2,244	4,217	11,571	26,648
LIVERPOOL:								
Head Post Office	1,927	2,740	10,335	15,797	5,023	6,277	17,285	24,814
Bootle	14	77	–	–	–	142	14	219
Canada Dock	–	136	–	–	–	170	- -	306
Corn Exchange	435	939	–	–	–	–	435	939
Eastern District Office	112	189	–	–	416	823	528	1,012
Exchange	7,308	9,918	168	–	9,961	9,557	17,437	19,515
Lime-street	408	910	–	–	–	–	408	910
Northern District Office	100	161	–	–	276	526	376	687
Southern District Office	72	163	–	–	216	448	288	611
Stanley Cattle Market	–	139	–	–	–	14	- -	153
Stock Exchange	–	4,027	–	184	–	3,806	- -	8,017
Water-street	1,668	1,746	–	–	–	–	1,668	1,746
TOTAL	12,044	21,145	10,503	15,981	15,892	21,803	38,439	58,929
MANCHESTER:								
York-street	2,747	3,505	20,270	27,776	4,809	7,239	27,826	38,520
Fish Market	150	–	–	–	–	–	150	—
Hanging Ditch	–	825	–	–	–	–	- -	825
Head Post Office	858	1,067	–	–	6	16	864	1,083
Mosley-street	962	946	–	–	1,036	–	1,998	946
Royal Exchange	977	2,731	–	–	–	2,649	977	5,380
Stock Exchange	3,782	7,211	614	2,024	3,604	4,502	8,000	13,737
Thomas-street	985	3,065	–	–	137	1,355	1,122	4,420
TOTAL	10,461	19,350	20,884	29,800	9,592	15,761	40,937	64,911

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RETURN showing the Number of Messages dealt with in a Week, &c.—*continued.*

	Forwarded.		Transmitted.		Received.		TOTAL.	
	1872.	1875.	1872.	1875.	1872.	1875.	1872.	1875.
NEWCASTLE-ON-TYNE:								
Quay Side	1,839	3,872	7,363	11,163	4,120	6,488	13,322	21,523
Head Post Office	436	694	–	–	–	–	436	694
Neville-street	191	557	–	–	–	–	191	557
Northumberland-street	–	90	–	–	–	–	–	90
TOTAL	2,466	5,213	7,363	11,163	4,120	6,488	13,949	22,864
DUBLIN:								
General Post Office	394	2,064	5,398	11,990	4,601	2,114	10,893	16,168
Cattle Market	4	11	–	–	1	–	5	11
College Green	1,747	2,087	–	–	2,104	2,970	3,851	5,057
Corn Exchange	26	42	–	–	1	–	27	42
Custom House	106	153	–	–	51	140	157	293
Four Courts	284	351	–	–	271	352	555	703
Grand Canal	27	56	–	–	4	4	31	60
Shelborne Hotel	68	154	–	–	44	93	112	247
Viceregal Lodge	–	8	–	–	–	1	–	9
Amiens-street Railway Station	53	113	2	4	15	6	70	123
Broadstone - ditto	40	–	–	–	29	–	69	—
Harcourt-street - ditto	26	148	–	–	63	237	89	385
Kingsbridge - ditto	71	244	38	4	53	180	162	428
North Wall - ditto	141	232	--	–	142	200	283	432
Westland-row - ditto	64	–	–	–	–	–	64	—
TOTAL	3,551	5,663	5,438	11,998	7,379	6,297	16,368	23,956
EDINBURGH:								
Head Post Office	1,819	2,589	8,234	12,587	3,316	4,303	13,369	19,479
Charlotte-place	176	377	–	–	–	391	176	768
Corn Exchange	29	78	–	–	23	38	52	116
Leith	1,299	1,846	–	41	1,787	2,354	3,086	4,241
Parliament House	–	96	–	–	–	–	–	96
Stock Exchange	312	681	–	150	636	1,064	948	1,895
TOTAL	3,635	5,667	8,234	12,778	5,762	8,150	17,631	26,595
GLASGOW:								
Head Post Office	4,031	5,478	9,756	17,210	7,840	10,762	21,627	33,450
Charing Cross	–	202	–	–	–	510	–	712
Hillhead	22	97	–	–	43	176	65	273
Hope-street	849	2,360	–	–	–	–	849	2,360
Partick	21	62	–	–	52	87	73	149
Royal Exchange	1,465	2,155	–	–	–	–	1,465	2,155
Stock Exchange	1,746	3,897	–	525	2,320	5,223	4,066	9,645
TOTAL	8,134	14,251	9,756	17,735	10,255	16,758	28,145	48,744

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Appendix, No. 9.

PAPER furnished by Mr. *W. H. Winter*, and referred tc in his Evidence of 2 May 1876, Q. 922.

PARTICULARS of the cost of certain works executed by the Royal Engineers and by civilians are appended. It is impossible to find cases of works orders which will compare fairly one with another, for separate accounts are not kept of the different classes of work coming under one and the same order. Nearly every order includes more than one description of work, and when this is the case no mileage rate can be obtained for comparison; for instance, the erection of a wire to connect any two points may include sections requiring work of the following description:

Work on existing poles on road or on railway.
Work on new poles " " "
Overhouse work.
Underground work.
The erection of a second wire to loop in an intermediate office situated off the direct line.

There are other disturbing elements which prevent such comparisons from being of practical use, such as wayleave difficulties, the nature of the soil and of the country traversed, the situation of the lines as regards railways or other means of transit for materials, the season of the year, and the state of the weather, &c., &c.

The cases selected, however, admit of comparison to some extent, although some of the disturbing circumstances above enumerated affect their cost. Single-wire lines are taken, as being better adapted for comparison than others.

Division.	No. of Works Orders.	Title.	Work carried out by	Length of Pole Work.	Length of Wire.	Labour.	Sundries.	Total.	Average Cost for Labour per Mile of Pole Work.	Average Cost of Sundries per Mile of Pole Work.	Total Average Cost for Labour and Sundries per Mile of Pole Work.	Average Cost for Labour per Mile of Wire.	Average Cost for Sundries per Mile of Wire.	Total Average Cost for Labour and Sundries per Mile of Wire.	Remarks.
				Miles. yds.	*Miles. yds.*	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	
Scottish -	563	Cromarty and Fort Rose Extension.	Post Office Staff -	25 1,400	28 879	118 8 8	75 - 2½	193 8 10½	4 11 9½	2 18 2	7 9 11½	4 3 1½	2 12 7½	6 15 9½	
"	1,422	Arran Extension (Brodick and Lamlash).	" "	18 880	18 880	123 15 9	61 14 3	185 10 -	6 13 10	3 6 8½	10 - 6½	6 13 10	3 6 8½	10 - 6½	
"	377	Fort William, Fort Augustus, Glencoe, and Appin Extension.	Royal Engineers	107 1,320	120 1,320	1,206 4 10½	844 8 3½	2,050 13 2½	11 3 10½	7 16 9	19 - 7½	9 19 9½	6 19 10½	16 19 7½	Men under canvas for a portion of the work. Exceptional difficulties encountered.
"	600	Islay, Clachan, and Tayinloam Extension.	" "	40 1,320	45 1,320	279 2 9½	88 2 11	367 5 8½	6 17 -	2 3 3	9 - 3	6 2 -½	1 18 6½	8 - 6¾	
"	638	Mull Extension - -	" "	56 1,020	58 140	466 4 6	359 10 8	825 15 2	8 4 9½	6 7 1½	14 11 11	8 - 6½	6 3 8½	14 4 3	
Irish -	161	Making Extensions in the Counties of Mayo, Kerry, Galway, and Roscommon.	Post Office Staff	194 0	379 0	1,803 4 5	483 2 11	2,286 7 4	9 9 10½	2 9 9½	11 19 8½	4 15 2	1 5 6	6 - 8	Men under canvas for a portion of the work. Mileage cost of wire reduced, owing to a second wire being erected over a considerable portion of the distance.

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Appendix, No. 10.

Appendix, No. 10.

LETTER from Sir *William Anderson* to *Chairman.*

My dear Sir, 1, Buckingham Gate, 9 June 1876.

BEFORE you conclude the Parliamentary inquiry into the management of the Post Office Telegraphs upon which you are now engaged, allow me to request your attention to some points connected with the financial arrangements made by Parliament for the telegraph service which appear to me deserving of serious consideration. These points are,—

1st. As to the irregular mode adopted by Parliament in making provision for the custody and issue of the money authorised to be raised for the acquisition of the telegraphs.

2nd. As to the consequent derangement of our public financial records, caused by that deviation from the ordinary regulations applicable to public moneys.

3rd. As to the double Sinking Fund provided by the Telegraph Money Acts for the reduction of the Public Debt created by those Acts.

The Acts by which grants of money have been made for the purchase of the telegraphs are the following:—

	£.
1st. In the Year 1869:—Act 32 & 33 Vict. c. 73	7,000,000
2nd. In the Year 1871:—Act 34 & 35 Vict. c. 75	1,000,000
3rd. In the Year 1873:—Act 36 & 37 Vict. c. 83	1,250,000
4th. In the Year 1876:—Act 39 & 40 Vict. c.	500,000
TOTAL Sterling Amount - - - £.	9,750,000

In directing your attention to the first point, allow me to refer you to a Paper presented by the Comptroller and Auditor General to the Committee of Public Accounts, dated the 1st July 1873, and printed in the Appendix to the Second Report of that Committee, page 171. In this Paper Sir William Dunbar has described the ordinary constitutional mode of providing for the custody and issue of funds for defraying all public services; and he has commented on the departure from constitutional practice, under the authority of Parliament, in regard to the moneys granted for the acquisition of the telegraphs. The substance of that Paper is to the following effect:—

All public expenditure is provided for either by direct grants out of the Consolidated Fund, or by Votes in supply covered by ways and means, granted by Act, out of that fund. In either case the money is issued out of the Consolidated Fund; in other words, the issues are authorised out of credits granted by the Comptroller and Auditor General upon the accounts of Her Majesty's Exchequer at the Banks of England and Ireland.

When the income of the Consolidated Fund arising from the produce of the taxes and other receipts is insufficient to meet all the expenditure charged upon it, as in the case of a war, or of other extraordinary outlay, such as an Irish famine, or the purchase of Suez Canal shares, it is supplemented by loans creating funded or unfunded debt; and the income of the fund is thus raised to the amount required to cover the general public expenditure; thus every stream of public money flows into and out of Her Majesty's Exchequer, under the legal provisions contained in the Exchequer and Audit Departments Act (29 & 30 Vict. c. 39).

The mode of dealing with the money granted for the purchase of the telegraphs has been a complete innovation upon all previous practice; the course pursued has been as follows:—

The National Debt Commissioners have been authorised by the Telegraph Money Acts to raise, from time to time, sums amounting together to 9,750,000 *l.* Instead of directing the payment of these moneys into the Consolidated Fund, in other words, to the account of Her Majesty's Exchequer at the Bank of England, which would have brought them within the cognisance and control of the Comptroller and Auditor General, according to the established practice, Parliament authorised the National Debt Commissioners to retain them

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them in their hands, and to issue them as required, directly to the Postmaster General. Thus, no part of the moneys so raised for Her Majesty's service ever passed into Her Majesty's Exchequer; nor have the ordinary checks, provided by the Exchequer and Audit Departments Act, been made applicable to the issue of these moneys.

The 10th section of the Exchequer and Audit Departments Act (29 & 30 Vict. c. 39), having in view the object of bringing all public moneys under the control of the Comptroller and Auditor General, directs that the gross public revenues shall be paid to the accounts of Her Majesty's Exchequer at the Banks of England and Ireland; and the same section further directs that all other public moneys payable to the Exchequer shall be paid to the same accounts; the next section of the Act directs that all money so paid to the Banks shall form one fund, and be available to meet the credits to be granted by the Comptroller and Auditor General for the Public Service.

It was clearly intended by these provisions of the Act that moneys raised in aid of revenue for Her Majesty's service, should be paid to the account of Her Majesty's Exchequer, as it has never been the practice to apply money so raised (without passing through the Exchequer), directly to the service which gives rise to the loan; the rule has been that the Consolidated Fund should receive all, and provide for all.

I have looked carefully through the printed accounts of the Income and Expenditure of the United Kingdom for a long series of years, to ascertain whether any precedent exists for the course adopted with respect to the telegraph moneys; I have only discovered one case which may be cited as a precedent, so far as it relates to the non-payment of the moneys raised to the account of Her Majesty's Exchequer, namely, that of the Slave Trade Compensations in the years 1835 and 1836.

In those years sums amounting to 20,154,319 *l.* 19 *s.* 8 *d.* were borrowed under the authority of the Acts 3 & 4 Will. 4, c. 73, and 5 & 6 Will. 4, c. 45, to pay compensations to slave owners; those moneys did not pass through the account of Her Majesty's Exchequer. It was probably considered, erroneously I think, that the service was of a character so special, and so completely outside the ordinary expenditure of any public department, as to justify an exceptional mode of dealing with the funds raised for it; nor was it a continuous annual departmental expenditure like that of the telegraph service. Special Commissioners of Arbitration were appointed under the Great Seal, who were placed under special regulations by the Act of Parliament, to inquire into and adjudicate claims, make awards, and certify the same to the Secretary of State for the Colonies, by whom they were submitted to the Lords of the Treasury, in order that the sums awarded might be paid under Warrants signed by their Lordships.

It would have been more in accordance with constitutional practice if these moneys had been paid into the receipt of Her Majesty's Exchequer. One objectionable result of the course adopted will be referred to in the sequel.

Before I conclude my remarks on the irregular mode adopted by Parliament of providing for the custody and issue of the money raised for the telegraph service, it is right to point out that the irregularity did not escape the notice of the Public Accounts Committee. At page vii of the Report to which I have previously referred in this letter, the Committee, considering the Comptroller and Auditor General as a high State functionary, charged with the responsibility of exercising an important financial supervision on behalf of Parliament, use these words at the conclusion of their Report:—

"The Comptroller and Auditor General has submitted an important memorandum, which will be found in the Appendix, showing that in his opinion the form of the Telegraph Act was unusual and open to objection. His position as Comptroller of the Exchequer gives weight to these observations, which the Committee commend to the attention of the House of Commons and of the Government."

This counsel of the Select Committee appears to have fallen still-born upon both.

The second point to which I wish to direct your attention, namely, the derangement of our public financial records, is the necessary consequence of the departure from the regulations applicable to public moneys to which I have directed your attention in the preceding part of this letter.

By the 16th section of the Act 29 & 30 Vict. c. 39 (the Exchequer and Audit Departments Act of 1866), the Lords of the Treasury are directed to prepare periodical accounts of the public income and expenditure of the United Kingdom; and such accounts are to be prepared according to the receipt and issue of moneys on the accounts of Her Majesty's Exchequer; and when the accuracy of such accounts has been certified by the Comptroller and Auditor General, they are to be laid before the House of Commons. This section of the Act, considered in connection with the 10th and 12th sections of the same Act, indicate clearly the intention of Parliament that Her Majesty's Exchequer should gather into one fund the whole public revenue and expenditure; and it cannot be seriously maintained that the omission of large amounts of public expenditure from those accounts, because the money raised for defraying them has been passed through an unusual channel, is consistent with that accuracy which should belong to National Accounts; but this has been the consequence of the irregular mode of dealing with the telegraph moneys referred to.

It has already been shown that between nine and ten millions sterling have been raised and expended for the purchase of the telegraphs, and no record of this money appears in the accounts prepared under the Act referred to for the information of Parliament and the country. Such serious omissions from our National balance sheets must tend greatly to diminish confidence in the accuracy of our public financial records. It would

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Appendix, No. 10.

answer no useful purpose now to inquire whether the surplus income declared upon the accounts of those years in which the telegraph expenditure has been omitted, has been strictly conformable to the law.

I must not omit to mention here that a similar irregularity in the public accounts took place in the years 1835 and 1836, owing to the non-payment of the slave compensation moneys into the receipt of Her Majesty's Exchequer, as previously described. The expenditure for the compensations paid to the owners of slaves was omitted from the annual balance sheets, and the omissions were not corrected till after a lapse of 25 years, when, upon the motion of Mr. Gladstone, the account of the public income and expenditure of the United Kingdom from 1688 to 1868 was presented to the House of Commons (*see* Parliamentary Paper, No. 366—I., 1869, vol. 2, pp. 76 to 81).

The third and last point, in connection with the Telegraph Money Acts, to which I have to solicit your attention, has reference to the Sinking Fund sections of those Acts. These Acts provide for the preparation of certain special accounts of the annual revenue and expenditure, including interest of debt, of the electric telegraphs, and for the appropriation of the surplus income of that service, if any. In short, the Acts provide a special sinking fund for a fraction of the general surplus income over expenditure, regardless of the existing law applicable to the account of the general income and expenditure of the country. The following explanation will show this more clearly:—

By the 16th section of the Act 29 & 30 Vict. c. 39 (the Exchequer and Audit Departments Act), re-enacting provisions in the Act 10 Geo. 4, c. 27, and previous Acts, certain periodical accounts of the general income and expenditure of the United Kingdom are prepared and laid before the House of Commons for the purpose of showing the surplus income, if any, over expenditure, available for the reduction of the National Debt. These accounts include, of course, the whole revenue and expenditure of the public service; and the surplus or deficiency in any one item of the account is merged in the balance of the general account.

It necessarily follows, therefore, that if there should happen to be a surplus revenue from telegraph receipts, it must form part of the aggregate surplus income, if any, arising upon the general account.

The enactments in the Telegraph Money Acts providing for the preparation of separate accounts of that portion of the surplus income which may arise upon the special head of telegraphs in the general account, and the appropriation of the same to the reduction of the debt in 3 per Cent. Consols, created for the purchase of the telegraphs, makes a second appropriation of the same surplus, first, in the general surplus under the 16th section of the Exchequer and Audit Departments Act, and, secondly, in the special surplus under the Telegraph Money Acts. Clearly this could not have been intended, and the error has probably arisen from some deviation from the regular official routine in the preparation of the Telegraph Money Acts.

But this defect in those Acts, as well as those previously referred to, are sufficient to show how desirable it is not to depart from the provisions of those permanent financial enactments, the fruits of past experience, which have been framed for the permanent and uniform regulation of public moneys. Already four Acts of Parliament have been passed, from 1859, in which the irregular proceedings before mentioned have received legal sanction; there appears, therefore, some danger of their becoming recognised precedents for future guidance in making provisions for any special expenditure which may not come within the ordinary departmental estimates.

The comprehensive provisions of the Exchequer and Audit Departments Act were intended to and do provide permanent rules and regulations for the receipt, custody, issue, appropriation, and audit of all public moneys; and nothing but a careful observance of them is wanting to secure the regular and consistent administration of the public finances.

I am, &c.
(signed) *W. G. Anderson.*

The Right Hon. Lyon Playfair, M.P., C.B.,
&c. &c. &c.

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Appendix, No. 11.

PAPER handed in by Mr. *Patey*.

RETURN showing the Names of RAILWAY STATIONS Closed for the Transaction of PUBLIC TELEGRAPH BUSINESS between the 31st March 1875, and the 30th April 1876, and Reasons for Closing.

Name of Station.	Railway Company.	Reason for Closing.
Accrington	Lancashire and Yorkshire	*See note.
Adlington	- - ditto	
Alsager	North Staffordshire	On request of company, telegraph office now opened at post office.
Appleby (Westmoreland)	North Eastern	Telegraph office opened at post office.
Argold	Sirhowy	No business.
Bacup	Lancashire and Yorkshire	*See note.
Barnsley	- - ditto	
Bentham	Midland	Small business and short distance from post office.
Black Lane	Lancashire and Yorkshire	*See note.
Blackpool	- - ditto	
Blackwood	Sirhowy	No business.
Bonar Bridge	Highland	On request of company.
Borobridge	North Eastern	No business. Telegraph office at post office.
Bradford	Lancashire and Yorkshire	Small business, and short distance from post office.
Bradley Fold	- - ditto	- - ditto.
Braughing	Great Eastern	*See note.
Broxbourne	- ditto	
Burnley (East Lanc.)	Lancashire and Yorkshire	
Burnley (Lanc. and York)	- - ditto	
Bury (Lanc.)	- - ditto	
Bury (Lanc.) Market-place	- - ditto	
Callander	Caledonian	On request of company.
Chapeltown	Lancashire and Yorkshire	Small business and short distance from post office.
Chatburn	- - ditto	- - ditto.
Chesterford	Great Eastern	*See note.
Chorley (Lanc.)	Lancashire and Yorkshire	
Church	- - ditto	
Clare	Great Eastern	
Cleckheaton	Lancashire and Yorkshire	
Clitheroe	- - ditto	
Colne	- - ditto	
Croft	North Eastern	
Denby Dale	Lancashire and Yorkshire	
Dewsbury	- - ditto	
Elland	- - ditto	
Elmers End	South Eastern	Small business.
Fence Houses	North Eastern	*See note.
Fenny Compton	Great Western	Telegraph office opened at post office.
Framlingham	Great Eastern	*See note.
Goole	Lancashire and Yorkshire	
Hadham	Great Eastern	
Hadleigh	- - ditto	
Harling Road	- - ditto	
Haslingden	Lancashire and Yorkshire	
Harecastle	North Staffordshire	Telegraph office opened at Kidsgrove post office.
Haverill	Great Eastern	*See note.
Hebden Bridge	Lancashire and Yorkshire	
Heckmondwike	- - ditto	
Heywood	- - ditto	
Holmfirth	- - ditto	
Horbury	- - ditto	

* Post Office more convenient than Station, and two offices unnecessary.

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Name of Station.	Railway Company.	Reason for Closing.
Hornby	Midland	Small business, and short distance from post office.
Horwich	Lancashire and Yorkshire	No business.
Hythe	Great Eastern	* *See* note.
Ince	Lancashire and Yorkshire	
Ingleton	Midland	Small business and short distance from post office.
Kilmaurs	Glasgow, Barrhead, and Kilmarnock.	No business.
Kirkby Stephen	North Eastern	Telegraph office opened at post office.
Knock	Great North of Scotland	On request of company.
Lavenham	Great Eastern	* *See* note.
Leiston	- ditto	
Linton	- ditto	
Littleport	- ditto	
Littleboro'	Lancashire and Yorkshire	
Llanidloes	Cambrian	No business. Telegraph office at post office.
Longport or Burslem	North Staffordshire	Telegraph office opened at post office.
Loughton	Great Eastern	* *See* note.
Luddendenfoot	Lancashire and Yorkshire	
Lytham	- - ditto	
Manorbier	Pembroke and Tenby	No business.
Middleton	Lancashire and Yorkshire	* *See* note.
Milnrow	- - ditto	
Moorhampton	Midland	Small business.
Narboro'	Great Eastern	* *See* note.
Newchurch	Lancashire and Yorkshire	
Newhey	- - ditto	
Normanton	- - ditto	
Northallerton (Goods)	North Eastern	On request of company.
Norton Bridge	North Staffordshire	* *See* note.
Over Darwen	Lancashire and Yorkshire	
Pendleton	- - ditto	
Portland	London and South Western	Small business, short distance from post office.
Poulton	Lancashire and Yorkshire	* *See* note.
Preston-road, Walton	- - ditto	
Rawtenstall	- - ditto	
St. Margaret's	Great Eastern	* *See* note.
Sandhills	Lancashire and Yorkshire	
Snaith	- - ditto	
Snettisham	Great Eastern	
Shepley	Lancashire and Yorkshire	
Soho	Great Western	On request of company.
Somersham	Great Eastern	* *See* note.
Stratford Bridge	- ditto	No business.
Strathyre	Caledonian	On request of company.
Sutton Bridge	Midland	No business. Telegraph office at post office.
Thorney	- ditto	- - ditto.
Tilbury	London, Tilbury, and Southend.	Small business.
Todmorden	Lancashire and Yorkshire	* *See* note.
Tredegar	Sirhowy	Post office more convenient.
Tredegar Junction	- ditto	No business.
Tyndrum	Caledonian	On request of company.
Tyne Dock (Goods)	North Eastern	* *See* note.
Walsingham	Great Eastern	
Walton-on-Thames	London and South Western	Telegraph office opened at post office.
Ware	Great Eastern	No business.
Wendling	- ditto	* *See* note.
Westgate-on-Sea	London, Chatham, and Dover	Telegraph office opened at post office.
West Houghton	Lancashire and Yorkshire	Small business.
Wetherby	North Eastern	* *See* note.
Winchelsea	South Eastern	Stationmaster unable to conduct business.
Whittlesford	Great Eastern	* *See* note.
Wisbeach	Midland	No business. Telegraph office at post office.
Whittlesea	Great Eastern	* *See* note.
Wivenhoe	- ditto	

During the same period 24 railway stations were opened for public telegraph business.

* Post office more convenient than station, and two offices unnecessary.

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3. *Extra Charge for Night and Sunday Telegrams.*
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4803-4808——Decided efficiency and economy by combining the offices of postmaster and telegraph manager, *Montefiore* 4761, 4762. 4794, 4795. 4824-4826——Particulars as to the upper organisation of the telegraph service in Victoria and New South Wales, respectively, *ib.* 4827-4831——Economy as regards offices as well as staff by combining the telegraphs with the Post Office, *ib.* 4870, 4871.

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3. *Extra Charge for Night and Sunday Telegrams:*

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4. *Press Rates:*

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5. *Delivery of Telegrams without the Use of Envelopes:*

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Importance attached to the largely increased facilities of transmission by means of automatic instruments, *Rep.* ix.

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Baines, Frederick Ebenezer. (Analysis of his Evidence.)—Long experience of witness in the postal and telegraph service; he is now Surveyor General for Telegraph Business, 1868-1873——Active part taken by him, as assistant to Mr. Scudamore, in the transfer of the telegraphs to the Post Office, 1874, 1875.

General function of witness to report to the Secretary improvements and economies in the conduct of the telegraph service, as by the re-arrangement of local circuits, the direct transmission of metropolitan messages to the central station, &c., 1876-1885. 1966-1970——Recent arrangement whereby a new and independent circuit will be provided between London and Birmingham; large earnings of a single wire between these places, as compared with the original outlay and the cost of working, 1880-1882. 1933-1944. 1968-1976.

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Baines, Frederick Ebenezer. (Analysis of his Evidence)—*continued.*

Complete separation at present between the engineering branch and the traffic branch; opinion that there is no sufficient reason for this, 1886–1888—— Impression favourable to the clerks obtaining technical knowledge, so that they may uphold the instruments in the offices, 1889–1893——Instances of the same divisional engineer's division including several surveyors' districts; expediency of coincidence in this respect, 1894–1899. 1906–1909. 1977. 2096–2099——Absence of control in the surveyors over railway telegraph offices, 1900–1902——Charge of the divisional engineers over wires running into the metropolis, 1903–1905.

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Evidence adverse to the proposition that messages be separated into two classes, swift and low, and that the latter class be charged a reduced rate; time occupied in postal communication between distant towns and London adverted to hereon, 2006–2041—— Great increase of messages when the rate was reduced to 1 *s.* including delivery, 2027–2036——More numerous addresses in the case of press messages than of ordinary messages, 2042–2045.

Arrangement of duties so as to reduce the staff as much as possible during the hours when there is very little work, 2046–2056——Separate item of 30,000 *l.* in the Estimates for porterage when the distance exceeds a certain limit, 2057–2059——Cost incurred under the head of "corporals," for inspection of boys; small charge under this head at Glasgow, 2060–2064——Difficulty as regards staff owing to there being full occupation during four months, or so; objection to a system of overtime during the busy months, 2066–2070.

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C.

Capital. Total of 9,750,000 *l.* as the present authorised capital of the Telegraph Department, of which 9,365,961 *l.* had been spent upon capital up to 31st March 1876, *Blackwood* 5197. 5206-5209——Exceptional course pursued in raising the capital through the National Debt Commissioners without its being paid into the Consolidated Fund, *ib.* 5198–5205.

Excess by 2,360,961 *l.* of the capital authorised by the Act of 1869; several causes of such excess, *Blackwood* 5209–5211. 5393-5395——Calculation that on the score of sites and buildings, way-leaves, &c., a sum of 709,865 *l.* should have been included in capital account, bringing the amount up to 10,070,826 *l.*, *ib.* 5212-5220.

Several outstanding accounts with different railway companies which, when settled, will probably bring the capital up to about 11,000,000 *l.*, *Blackwood* 5221–5231—— Statement as to arrears of interest not going to increase the capital account, *ib.* 5289-5292.

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Central Station. Large number of employés (about 1,500) under the controller of the central station, *Tilley* 65——Management of the central station by Mr. Fischer, who refers to witness when necessary, *ib.* 217-221——Employment of 1,320 clerks at the central station, of whom 765 are women, *Patey* 530–534.

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Clubs. Great difficulty in determining what is a club within the meaning of the Act of 1868, *Patey* 3403-3405——Obligation under the Telegraph Act to supply clubs at press rates, *ib.* 5128, 5129.

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"*Corporals*" (*Inspection of Telegraph Boys*). Cost incurred under the head of "corporals" for inspection of boys; small charge under this head at Glasgow, *Baines* 2060-2064; *Fischer* 2199, 2200. 2262-2270——Objection to "corporals" as supervisors, *Fischer* 2199, 2200.

D.

Deferred Messages. Evidence adverse to two classes of messages, and to a reduced rate for deferred messages, *Baines* 2006-2041; *Hodson* 3074-3082——Complication by combining postal delivery with telegraphic transmission, so as to have a separate class of deferred messages at a reduced rate, *Fischer* 2271-2279——Advocacy of a system of deferred messages at a reduced rate, *Webber* 4670-4672——Very rare cases (if any) in which messages are forwarded by post because of the office to which they are addressed being closed, *Graves* 4736-4738.

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Charge of the divisional engineers over wires running into the metropolis, *Baines* 1903-1905.

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Dublin. Reasons for the heavy cost of the Dublin office as compared with Birmingham or Edinburgh; large redundant staff formerly at the Dublin office, *Blackwood* 5293-5297. 5380-5383.

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Duplication of Work. See *Accounts. Reports and Forms.*

E.

EASTERN DIVISION (ROYAL ENGINEERS):

1. *As to the Extent of the Division.*
2. *As to the Staff.*
3. *As to the Cost.*

1. *As to the Extent of the Division:*

Total of 9,960 miles of wire and of 710 instruments under charge of witness as engineer for the eastern division, *Webber* 2405, 2406.

2. *As to the Staff:*

Satisfactory working of the arrangement whereby one of the divisions in England is under charge of the Royal Engineers, *Tilley* 86-93——Facility of decrease or increase from time to time in the number of men under Major Webber in the eastern division; statement

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EASTERN DIVISION (ROYAL ENGINEERS)—continued.

2. *As to the Staff*—continued.

statement hereon as to the advantage of men from the Engineers on an emergency, such as a snowstorm, *Winter* 901-916. 1179-1191.

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Explanation as to the variation from time to time in the strength of the military staff employed on the telegraphs; important reductions effected by witness in the eastern division with a view to economy, *Webber* 2452-2461. 2487-2491——Facility of working a much larger district than that now comprised in the eastern division without any increase of the supervising staff in the division, *ib.* 2470-2472. 2493. 2538-2542——Comment upon Mr. Graves' criticism on the clerical force in witness' division; inaccuracy of his assumptions on this point, *ib.* 2496, 2497.

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Calculation that with reference to the work done the cost is not greater in the north-western than in the eastern division, though the latter should show much better results, *Graves* 1376-1380——Respects in which the Post Office is relieved of labour or supervision in the eastern division as being in charge of the Royal Engineers, *Baines* 1948-1954.

Cost of 3,240 *l.* represented by the staff under witness, *Webber* 2410, 2411——Statement to the effect that the total pay per head in the eastern division is about 110 *l.*, of which the Post Office pays 64 *l.*, witness contending that, upon the whole, there is a saving to the Post Office by the employment of military labour, *ib.* 2412-2416.

Calculation purporting to show a saving of 10,083 *l.* in salaries in six years by the employment of engineer officers, *Webber* 2417-2425——Smaller payment in salaries, in proportion to the numbers employed in the eastern than in any other division, *ib.* 2467.

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Saving chiefly on the labour of linemen and inspectors by the employment of soldiers in the eastern division, whilst the cost of supervision is in excess, *Webber* 2492, 2493——Several respects in which this division ought in any case to involve more cost than the north-western division, *ib.* 2494, 2495——More economical results shown by the civil employment of engineers if the area were larger, *ib.* 2538-2542.

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See also *Military Telegraphists.*

Eddison Apparatus. Circumstance of an experiment with the Eddison apparatus having been refused by the Engineer in Chief, *Baines* 2000-2004.

Edinburgh. Return showing the number of messages dealt with in a week in each of the years 1872-75, *App.* 261.

Efficiency of Service. Efficiency of the service under the Post Office, though it may not be so economical as it was under the companies, *Preece* 1667-1671.

Testimony by the Committee to the efficiency and regularity with which messages are now transmitted, *Rep.* ix.

See also *Speed.*

Electric and International Telegraph Company. Several grades of employés under the former telegraph companies; proportion of each class in the case of the Electric and International Company, *Winter* 985-993——Duties of witness in his former capacity of superintendent to the Electric Telegraph Company for their northern district, *Graves* 1194-1196. 1293-1295.

Calculation that twenty per cent. more work is done by each clerk under witness than was done by each clerk of the Electric Company, *Fischer* 2145. 2149——Larger relative increase of messages than of supervising staff since the transfer from the Electric Company to the Post Office, *ib.* 2146-2148.

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2. *Evidence as to the Importance of an extended Employment of Royal Engineers in the Telegraph Department; Representations to this effect on the part of the War Office.*
3. *Inefficiency of Civilian Telegraphists for Military Service.*
4. *Scheme for Enlistment of Telegraph Boy Messengers.*
5. *Relative Cost and relative Advantages of Military Labour and of Civilian Labour.*
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MILITARY TELEGRAPHISTS (*ROYAL ENGINEERS*)—continued.

5. *Relative Cost and relative Advantages of Military Labour and of Civilian Labour*—continued.

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ORGANISATION:

1. *Evidence as to the present Organisation of the Telegraph Department.*
2. *Evidence as to the Re-organisation desirable.*
3. *Conclusions and Recommendations of the Committee.*

1. *Evidence as to the present Organisation of the Telegraph Department:*

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2. *Evidence*

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ORGANISATION—continued.

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Proportionate loss, in 1870 and in 1875, upon press news in relation to the quantity sent; much smaller loss in the former year, *Patey* 4934-4942——Loss to the Post Office under the system of sending, at cheap rates, news which is often thrown aside, *ib.* 4945–4949.

4. *Exceptions taken to the foregoing Conclusion:*

Opinion that the calculations of the Post Office are founded on a wrong basis, and that there should be no increase of charge, *Lovell* 3932, 3933. 3942——Statement purporting

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4. *Exceptions taken to the foregoing Conclusion*—continued.

porting to show that, as the special wires make a profit, the transmission of news generally should show a profit, *Lovell* 3940–3945 —— Calculation to the effect that there is no undue loss on press telegrams, as compared with the loss on telegrams generally, *ib.* 3978–3987.

Calculation that there is a profit of about 50 *l.* instead of a loss of about 700 *l.* on press telegrams to Hull, *Saunders* 4092–4099 —— Belief as to the fallacy of the official estimates of cost; economy with which private telegraphs may be worked, *ib.* 4134–4140 —— Conclusion as to the rates charged by the companies having been profitable, *ib.* 4145–4148.

Argument that if the present news rates be attended with a loss to the Post Office, the press, as being of national importance and as a vehicle of education, is entitled to concession in the matter, *Harper* 4176–4181, 4188–4217.

5. *Unfair advantage to the Provincial Press, as compared with the "Times" and other London Papers, by the duplication of Original Matter at Cheap Rates, and by the operation of News Agencies:*

Explanation that witness, though on the staff of the "Times," does not specially appear on behalf of that paper on the present occasion, *Macdonald* 4228. 4327–433 —— Way in which newspapers which receive duplicate matter at the 2 *d.* copy rate are placed at an unfair advantage as compared with papers which pay the 1 *s.* rate, *ib.* 4235, 4236. 4386–4391 —— Tendency of the system of duplicate messages at very low rates to arrest the growth of special telegrams; large and increasing revenue from the latter source, *ib.* 4237–4239. 4452–4455 —— Largely increasing revenue also from original telegrams, at the rate of 1 *s.* for 100 words, *ib.* 4238, 4239.

Way in which news agencies tend to check the originality of newspapers throughout the country; increase on the other hand of special telegrams and private wires, *Macdonald* 4240–4242. 4260–4263. 4356–4358. 4365–4371 —— Statement as to the "Times" and other papers being liable to excessive charge for duplicate matter under the present system; admission as to this practice being exceptional, *ib.* 4244–4247. 4372–4378. 4386–4391. 4432. 4457–4462. 4473–4478 —— Expediency of those messages being clearly marked as duplicates which are charged at the 2 *d.* copy rate, *ib.* 4244. 4251.

Unfairness when news collected at great expense by the "Times" and other leading papers, is at once scattered all over the country for the use of local papers under a system of rates unremunerative to the State, *Macdonald* 4248, 4249 —— Approval of the change proposed as regards duplicate messages, whereby the recipients though situated in different towns shall be on the full rate; opinion moreover that all duplicate messages should be at the same rate as the original message, *ib.* 4250–4255 —— Original character of the "Times" news; doubt as to the 2 *d.* rate having ever been paid, *ib.* 4264, 4265.

Examination as to the influence on public opinion by means of telegrams under the present system; responsibility of the newspaper rather than of the newsagent in the matter, *Macdonald* 4268–4284 —— Respects in which public opinion may not be influenced in the same way by the publication of original matter in the "Times," and by its subsequent publication in country papers, *ib.* 4285–4293.

Absence of any feeling of rivalry or jealousy between the metropolitan and provincial papers, *Macdonald* 4298, 4299 —— Exception further taken however to the practice of local dissemination of news extracted from the "Times," and collected by the latter at great expense, *ib.* 4300–4310. 4318–4321. 4406–4422 —— Small quantity or compass of the news supplied by Reuter as compared with that disseminated by press associations, *ib.* 4358–4365.

More prejudicial effect of an increase of rates as regards small country papers than as regards the "Times," *Macdonald* 4431–4435 —— Prejudice to the circulation of the "Times" by reason of important news therein being promptly circulated to provincial towns, where it is locally published before copies of the "Times" can be received, *ib.* 4436–4450. 4467–4472.

Interference to some extent with the circulation of the second edition of the "Times" through extracts being published by the "Echo," &c., *Macdonald* 4463–4466 —— System of passes by which dishonest charges by correspondents for duplicate messages may be checked, *ib.* 4473–4476.

6. *System of Account and Payment; Labour involved and Amendment required:*

Accounts entailed by certain proposals on the part of the Central News and Press Associations whereby separate deliveries would be paid for, *Patey* 3348–3350 —— Heavy cost entailed by the present accounts, consequent upon the practice as to deposits or payments in advance; notice given to the associations on this point, *ib.* 3351–3354.

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PRESS RATES—continued.

6. *System of Account and Payment; Labour involved, &c.*—continued.

Further reference to the prepayment in the case of press messages by means of a deposit, and to the accounts entailed thereby; absence of necessity for accounts if each message were paid for when handed in, *Patey* 3584-3592—— Deposit of 1,500*l.* by the Press Association and of 1,000*l.* by the Central News, *ib.* 3585-3589.

Modification desirable and feasible so as to obviate the alleged cost of 3,000*l.* a year for Post Office accounts in reference to the news associations, *Lovell* 3988-3990—— Facility of greatly simplifying the Post Office accounts for press messages, said to cost 3,000*l.* a year; suggestions hereon, *Saunders* 4056-4058. 4074-4085.

Enormous labour involved in accounting under the present arrangement with the Press Associations, *Patey* 4892, 4893——Great economy of clerical labour by the prepayment of each press message when handed in, *ib.* 4894-4897.

7. *Increased Amount of News now sent by Telegraph; Gross Revenue derived:*

Much greater increase in the transmission of special news for particular papers than of ordinary news sent by the associations, *Patey* 3371-3376——Delivery of about 4,000,000 words yearly in the shape of news messages, *ib.* 3377——Receipt of 55,000*l.* for news messages in 1875, exclusive of 9,000*l.* for private wires, *ib.* 3391-3397—— Small increase since 1873 in the annual amount paid by the Press Association, *ib.* 4932.

8. *Question as to much of the News transmitted at Cheap Rates being improperly used, or not used at all:*

Numerous instances in which the news transmitted is not used by the papers; instances also of the news being supplied only to private subscribers and to public-houses, or being reserved for the proprietor of the paper, *Patey* 3385-3387. 3502-3508. 3525-3542—— Large portion of special press telegrams not used, though paid for, *ib.* 3535-3541.

Statement in denial of the allegations that the news associations transmit a large number of useless messages to the local papers, *Saunders* 4059-4064——Particulars as to the mode of selection of the news supplied by witness' association to the provincial papers, *ib.* 4065-4070.

Conclusion that the amount of press news would be much reduced if the rates were raised, much of the news now going into the waste paper basket, *Patey* 4925-4927. 5092-5100.

9. *Suggestions by the Post Office for a Re-adjustment and Increase of Rates:*

Increase suggested in press rates, the 2*d.* copy rate for different towns being altogether unremunerative, *Hobson* 2765-2768.

Reasons for the proposal of the Post Office to limit the charge of 2*d.* per copy to hand deliveries, and to charge 1*s.* where the message is sent by separate wire, *Patey* 3355-3359. 3371——Grounds upon which the Post Office justifies the inequality of charge that would apply in the case of towns having only one newspaper under the plan of charging 1*s.* for the first message, and 2*d.* for each subsequent message, *ib.* 3388-3390.

Estimated profit of about 10,000*l.* a year, in lieu of a loss of about 20,000*l.* under the altered system proposed by the Postmaster General, *Patey* 3432-3436——Further suggestion that in order to cover the present loss the charge of 1*s.* be retained for the first news message, but that copies be charged at a higher rate than 2*d.*, *ib.* 3437-3451. 5130-5135. 5150.

Important addition proposed to be made to the present charges to the press, though any sweeping change is disclaimed, *Patey* 3610-3613——Opinion that the copy rate may be raised so as not to hurt the small newspapers, *ib.* 4928-4930.

Examination to the effect that the loss on the telegraph service, over and above the loss on the press telegrams, does not necessarily accrue upon the messages sent by the public, and that it is not proposed to apply the same alteration to the latter as to the former, *Patey* 5056-5081. 5146.

Grounds for the conclusion that there is no injustice to the press in the proposal for an additional charge of 30,000*l.* out of a total annual loss of 55,000*l.* now incurred, *Blackwood* 5301-5306. 5358-5362.

10. *Contemplated discontinuance of the System of Averages and Continuous Counting:*

Notice given by the Post Office to discontinue the system of counting together, and also the system of averages; explanation on the latter point, *Patey* 3344-3347—— Argument on the part of the Post Office that the concessions granted to the newspapers and

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10. *Contemplated Discontinuance of the System of Averages, &c.*—continued.

and the press associations are not binding on the department, and are not laid down by the Act; legal opinion taken to this effect, *Patey* 3593-3609. 3630-3632.

Comment upon the course pursued by the Post Office in giving sudden notice to the Press Association of revision of arrangements and alteration of rates, without allowing time for a revision of the tariff of the association, *Lovell* 3964-3966. 4002, 4003. 4010-4017.

Further statement as to the Post Office having power under the Telegraph Act to alter the arrangement with the press as to running the words together, and as to averaging; letter from Mr. Lovell, in October 1869, adverted to hereon, *Patey* 4884-4888——readiness of the Post Office to give facilities for trying in a court of law the question as to the system of counting, *ib.* 5006-5011.

11. *Evidence in support of the Principle of Remunerative Press Rates:*

Conclusion as to newspapers having no good claim to any subvention from the State in the shape of unremunerative rates for telegraphic news, *Macdonald* 4229. 4233, 4234. 4256-4259——Opinion that papers, if not self-supporting and independent, should not be allowed to influence public opinion, at a cost to the State, *ib.* 4229——Claim of the press to specially low rates by reason of its using telegraphy on a very large scale, *ib.* 4230-4232.

Absence of any such contract between the Post Office and the press as should debar the former from amending the Act of 1868 in the direction of remunerative rates, *Macdonald* 4258. 4311-4317. 4456——Province of the Post Office to fix the rates at which press telegrams will pay, and to make the duplication of news profitable, *ib.* 4266. 4322-4326——Doubt as to an abolition of the 2 *d.* rate leading to the failure of any papers, *ib.* 4267.

Denial that small and struggling papers have any special claims to telegraphic news at unprofitable rates, *Macdonald* 4294-4297——Opinion that the alterations proposed by the Post Office as regards the press are not debarred by the preamble of the Telegraph Act, *ib.* 4392-4401——Further objection generally to any portion of the press being dependent upon a subvention from the State, *ib.* 4402, 4403.

12. *Objections on the part of the Press to the Alterations and Increased Rates proposed by the Post Office:*

Decided objection to a fresh initial charge of 1 *s.* for every 100 words sent to a new town, *Taylor* 3880-3882.

Due consideration by the Press Association of the proposal of the Post Office for terminating the present system of counting and averaging press messages; effect thereof to raise the transmission charges by 33⅓ per cent., *Lovell* 3917-3924——Effect of the proposed abandonment of the 2 *d.* copy rate to increase the transmission charges by 192 per cent., *ib.* 3925, 3926——Calculation that the increased rates proposed by the Post Office would increase, by far more than 30,000 *l.*, the receipts for press messages, and are altogether excessive, *ib.* 3927-3931——Increase of 30,000 *l.* to be derived from the Press Association alone by the proposed changes, *ib.* 3931.

Explanation that the Press Association does not work for profit; question hereon as to a revision of rates, so as to make them remunerative to the Post Office, *Lovell* 3946. 3975-3977——Decided objection in any case to an alteration of the copy rate or universal rate for re-transmission, 3947-3949——Way in which if the uniform system be abandoned the cost will fall most heavily on papers least able to bear it, *ib.* 3950-3953.

Great difficulty in making a fresh tariff for the news supply to each town according to the number and class of papers, *Lovell* 3954, 3955. 3966——Opinion that if alteration be unavoidable the simplest and best plan is to raise the transmission rate, *ib.* 3961-3967——Necessity of another Act being obtained if the Post Office decide on raising the initial message charge, *ib.* 4024, 4025.

Calculation that the new rates proposed by the Post Office would increase fourfold the payments by the Central News Association, *Saunders* 4030-4033——The increase would fall more heavily on small than on large towns, *ib.* 4034, 4035——Witness' association alone would pay 26,000 *l.* more than at present, *ib.* 4036-4038.

Harsh treatment of the press if the arrangements agreed to by the Post Office after full negotiation were now done away with, *Saunders* 4086-4091——Approval of any increase of Post Office rates being on the basis of the old charge, though witness submits that by improved arrangements the service may be rendered profitable without any such increase, *ib.* 4129, 4130. 4133-4147.

Decided objection to the proposal for limiting the copy charge of 2 *d.* to the case of newspapers in the same town; respect in which witness' paper, as being the only morning daily paper in Huddersfield, would be unfairly handicapped by this alteration, *Harper*

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PRESS RATES—continued.

12. *Objections on the part of the Press to the Alterations, &c.*—continued.

4165-4171. 4182-4187——Injury chiefly to the smaller and poorer papers by the proposed change, *Harper* 4165-4167——Probability of the proposed alteration causing the stoppage of some papers, *ib.* 4165——Expediency of the press having rates as low in proportion as the general public; any increase should apply to the latter as well as the former, *ib.* 4210-4217. 4226, 4227.

13. *Amendment required as regards Gratuitous Messages:*

Way in which, under the plan of dividing messages, there is a large number of gratuitous transmissions, resulting in heavy loss to the Post Office; approval of every message being charged, so that this loss may be obviated, *Saunders* 4048-4052. 4120.

Large loss by gratuitous messages, especially in the case of sporting messages; amendment required in this respect, *Patey* 4889-4891.

14. *Special or Private Wires:*

Payment of 500 *l.* a year by each of the nineteen newspapers having a special wire; increasing demand for special wires, *Patey* 3377-3381——Satisfaction expressed with the charge of 500 *l.* a year for a private wire; considerable profit derived, *ib.* 3424, 3425. 3469-3480——Objection to its being allowable to use for a second paper news sent along a special wire, *ib.* 3509-3516.

Advantages to the press as regards the charge for special wires since the transfer to the Post Office, *Taylor* 3865-3873——Increase of revenue by an increase of facilities to the press in the shape of private wires, *Harper* 4208, 4209.

Injury to the smaller papers if the press were free to put up private wires, *Patey* 4916.

15. *Question of supplying News to private Persons at Press Rates:*

Opinion that it should be allowable to send special news services to private individuals; profit to the Post Office at a charge of 2 *d.* each additional copy, *Saunders* 4100-4105. 4118——Important profit to the Post Office by sending news to private persons as well as to clubs and news rooms, *ib.* 4118.

Dissent from the view that the Post Office would benefit by supplying to private persons at press rates, *Patey* 4914——Confusion apprehended by applying the service system to private messages, *ib.* 4931.

16. *Collection and Delivery of News:*

Inexpediency of a system of Government collection of news for transmission by telegraph, *Patey* 3528, 3529——Average of about 1 *d.* per message as the cost of delivery; fallacy of a statement that in certain cases the delivery costs nothing, *ib.* 3565-3572. 3720-3724——Exceptional circumstances under which some newspapers have not been allowed to send for their messages, *ib.* 3573-3581.

Room for economy as regards the expenses of delivery of press news under the Post Office, *Taylor* 3876-3879——Great improvement by the duty of collection being severed from the duty of transmission, *ib.* 3889-3891.

Explanation of the working of the service system as regards the delivery of news to the Post Office for transmission to various addresses; great economy of labour under this system, *Saunders* 4044, 4045——Suggestions whereby the Post Office might be saved much time and touble now incurred in sending several reports of the same public speech or important event; way in which the department might collect the news on these occasions, *ib.* 4116, 4117. 4131-4133.

Small reduction of messengers feasible if the papers collected their own news at the place of delivery, *Patey* 4911, 4912——Further disapproval of the Post Office being the collector of news for transmission, *ib.* 4915.

17. *Operation of former and present Rates as regards Provincial Newspapers:*

As proprietor of the "Manchester Guardian" witness submits sundry details relative to the system and cost of obtaining news for the provincial papers when the telegraphs were in the hands of the companies, *Taylor* 3834-3851——Since the transfer to the Post Office there has been a great development as regards press news, and a decided increase of facilities in several respects, *ib.* 3863-3873. 3889-3899——Under the companies a short message would have counted as a whole one, *ib.* 3892-3894.

Respects in which the London newspapers are less affected than provincial papers by the change in the tariff; probability of the former being favourable to an increase of rates, *Saunders* 4112-4115——Decided improvement in the provincial papers since the introduction of the news rate; prejudice to the public by raising the rate, *ib.* 4149-4151.

Considerable delay and injury as regards newspapers in small towns, owing to the system

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17. *Operation of former and present Rates, &c.*——continued.

system of re-transmission of news from the great centres, such as Manchester, *Harper* 4172-4175. 4183-4185.

Great development of the provincial press by the postal telegraph; other causes in operation, *Macdonald* 4243. 4369-4371. 4379, 4380. 4423-4430.

18. *Sytsem of Supply to Weekly Papers:*

Loss of revenue by the Post Office in limiting the days of supply to weekly newspapers, *Saunders* 4141-4144——Prejudicial effect as regards weekly newspapers, by the irregularity in getting the latest news, *Harper* 4168, 4169. 4194-4197——Twofold complaints by weekly newspapers as to the present arrangements, *ib.* 4218-4225.

Reasons for stopping the supplies to weekly newspapers, except on the day before publication, *Patey* 4909. 4943, 4944.

19. *Other Details generally:*

Want of efficient clerks for the transmission of news at such large offices as Glasgow, *Johnston* 1804-1807. 1864——More numerous addresses in the case of press messages than of ordinary messages, *Baines* 2042-2045——Practice as to refusing special messages of 200 words or more unless notice has been given, *Patey* 3557-3564.

Suggestion that news might be transmitted so as to afford less break to the ordinary service of the telegraphs, *Taylor* 3887——Economy secured by means of a certain instrument in the transmission of the same message to numerous addresses, *ib.* 3903-3910.

Few complaints made as to the mode of transmission of news, *Patey* 4910——Objection to the transmission of news at intervals, so that there may be less break in the service, *ib.* 4913——Instances of newspapers having been asked to make up the loss incurred through keeping offices open for them beyond the usual hours, *ib.* 5003, 5004.

Paper submitted by Mr. Saunders containing details relative to the messages sent by the "Central News" on the 22nd May 1876, *App.* 254-256.

20. *Conclusions and Recommendations of the Committee:*

Consideration of the evidence upon the question of increased rates for the transmisfion of news; that is, by charging 1 *s.* for seventy-five or one hundred words, for each separate town, and by limiting the 2 *d.* copy rate to copies delivered by hand in the same town, *Rep.* x——Question as to a loss of 20,000 *l.* a year being really incurred in the transmission of news from news associations, *ib.*——Conclusion that the copy rate should be increased so as to cover any deficiency in the service, *ib.*

Objection to the proposal for charging full rates for each separate transmission, *Rep.* x.——Obvious reasons why the press news should not be considered a source of revenue to the same extent as private messages, *ib.*——Conclusion favourable to an alteration in the system of counting; relief thereby to the Post Office, *ib.*

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Priority (*Transmission of Messages*). Evidence favourable generally to express rates for express messages, or special facilities; that is, where priority is given, *Hobson* 2773, 2774. 2811-2826. 2873-2880. 2906-2913. 2948-2950. 3072, 3073——Explanation of the working of a priority system in connection with the Baines machine, *ib.* 2864-2869.

Objection to the suggestion that there be an extra payment for priority, *Johnston* 4646, 4647. 4668.

Private Property (*Erection of Telegraphs*). Difficulty in some cases as regards the erection of telegraphs on private property; a compulsory power in the matter is hardly required, *Patey* 4982-4995.

Private Wires. Decision by the surveyor of private wires of all applications for private wires; that is, subject to reference to the secretary when necessary, *Patey* 566-572——Increasing applications for private wires; profit derived, *ib.* 573-575——Less increase of late as the business has not been pushed, *ib.* 573, 574. 663-665.

Satisfactory receipts from private wires, of which there are many in the large towns, *Winter* 860, 861——Rental charged by the Post Office for private wires erected and maintained for individuals; profit calculated upon, *Graves* 1431-1434——Reference to witness of complaints as to private wires in his division, *ib.* 1463——Origination and supervision of private wires, adverted to; these are not in witness' department, *Stow* 3296-3300.

Explanation as to the Telegraph Department refusing to give special wires for six months, though a considerable profit accrues from this source, *Patey* 3469-3501——Further statement as to the amount of gain to the department in respect of the annual charge of 500 *l.* for each special wire, *ib.* 3614-3623—— Higher charge by the companies than

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than by the Post Office for special wires, *Patey* 3615—— Reduced profit from special wires if maintenance and way leave were charged, *ib.* 4899. 5101, 5102.

Consolidation contemplated as regards the private wire branch of the Post Office, *Rep.* iii.

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Public, The. Great increase since 1871 in the public demand for telegraphic facilities, *Saunders* 4121–4128.

Primary object in the administration of the telegraphs to provide for the national convenience, the question of revenue being in a sense a secondary consideration, *Blackwood* 5305–5311.

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Punching (*Automatic Instruments*). Doubt as to the expediency of entrusting to men at a reduced scale of payment the work of punching in connection with the automatic instruments, *Graves* 1549–1554.

R.

Race and Coursing Telegrams. Numerous race and coursing meetings attended by the special staff; considerable number of separate grand stand offices, *Johnston* 1677, 1678. 1684–1688—— Large quantity of work done in the St. Leger day by the special staff, as compared with the work done in the ordinary offices, *ib.* 1696——Much smaller number of press messages at race meetings than of public messages, *ib.* 1766. 1791–1798.

Higher rate proposed for racing telegrams as well as Stock Exchange telegrams, there being special facilities in each case, *Hobson* 2896-2900.

Illustration of the very small receipt when numerous race messages are sent under the present system of charge, *Patey* 3343——Profit from racing telegrams, except when they are sent at press rates, *ib.* 3414, 3415. 3419–3421.

Apprehended falling off in the number of racing messages if the tariff were increased, *Johnston* 4641-4645——Precisely similar mode of delivery of sporting and press messages, *Patey* 4933.

Return showing the amount of business done by the special staff at race and coursing meetings in 1875, *App.* 259.

Railway Companies (*Outstading Claims*). Statement as to the Post Office not being responsible for the delay in settling the outstanding claims of railway companies, *Blackwood* 5312–5319. 5390–5392.

Railway Station Offices, and Railway Messages. Arrangement as to the payment by the Post Office of a commission of 3 *d.* on every message sent to a railway station; suggestion made for an increased charge of 3 *d.* for such messages, *Tilley* 154–160——Steps being taken to reduce the number of railway station offices, *ib.* 159. 278–280——Responsibility of the Postmaster General for a letter to the Treasury in December 1875, proposing among other matters that a charge of 3 *d.* be made for telegrams deposited at railway stations, *ib.* 252–277.

Indirect control of the Post Office over the working of the railway telegraph offices, *Patey* 424, 425—— Commission paid to the companies on messages dealt with by them; that is, according to the service rendered in each case, *Winter* 935–938.

Instances of obstructive action on the part of railway companies, so that it has been almost forced upon the Post Office to close some offices on railways; prospect of these difficulties passing away, *Graves* 1346, 1347. 1451–1453——Expediency of some re-arrangement whereby railway messages should be paid for, *Hobson* 2763, 2764.

Considerable abuse under the obligation of sending messages for certain railway companies; expediency of this privilege being bought up, *Patey* 3677–3693——Grounds for the recommendation that 3 *d.* extra be charged for every message taken on a railway; loss now incurred in respect of such messages, *ib.* 3694–3704. 3737. 3760–3781——Large portion of the railway messages not necessitated by the increase of traffic, *ib.* 3760–3764.

Considerable value of the messages sent for railway companies, *Blackwood* 5275—— Increase of revenue expected from a higher rate for messages from railway stations; reason for a higher rate, *ib.* 5278. 5370, 5371. 5404–5410.

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Grounds for doubting the policy of the proposal for an increased charge of 3 *d.* on messages handed in at offices of railway stations, *Rep.* ix.

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Satisfactory action generally of the railway companies as to the repair of wires, which they are under contract to maintain, *Graves* 1446–1450.

RATES:

1. *Question of a Sixpenny or Ninepenny Rate.*
2. *Question of a Penny Rate for each Word.*
3. *Question of Deferred and Express Messages at different Rates.*
4. *Question of restricting the Addresses in connection with the Shilling Rate.*
5. *Proposals on the part of the Post Office.*
6. *Conclusions of the Committee.*

1. *Question of a Sixpenny or Ninepenny Rate:*

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1. *Staff taken over from the Telegraph Companies:*

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2. *As to the Stocks in hand, and the practice in regard to Account and Issue*
3. *As to the Stores being available for Military purposes.*

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REPORT

FROM THE

SELECT COMMITTEE

ON

RAILWAY PASSENGER DUTY;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
23 *June* 1876.

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Tuesday, 7th March 1876.

Ordered, THAT a Select Committee be appointed to inquire into and report upon the operation of the present Law relating to the Railway Passenger Duty, and especially as to its effect upon the working of cheap trains.

Thursday, 23rd March 1876.

Committee nominated of—

Lord Claud Hamilton.
Sir Harcourt Johnstone.
Earl Percy.
Mr. Arthur Peel.
Mr. Bruce.
Mr. Knatchbull-Hugessen.
Mr. James Corry.
Mr. Ashley.
Mr. Edward Stanhope.
Mr. Samuda.
Mr. Serjeant Spinks.
Mr. Sullivan.
Sir John Kennaway.
Mr. M'Lagan.
Mr. Rodwell.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Three be the Quorum of the Committee.

Wednesday, 29th March 1876.

Ordered, THAT the Select Committee on the Railway Passenger Duty do consist of Seventeen Members.

Ordered, THAT Sir John Kennaway be discharged from further attendance on the Committee.

Ordered, THAT Mr. Macdonald, Viscount Crichton, and Mr. Leighton, be added to the Committee.

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REPORT.

THE SELECT COMMITTEE appointed to inquire into and report upon the operation of the present LAW relating to the RAILWAY PASSENGER DUTY, and especially as to its effect upon the working of Cheap Trains; ——HAVE considered the matters to them referred, and have agreed to the following REPORT:—

Origin of Duty. 2 & 3 Wm. 4, c. 120. Alteration made by 5 & 6 Vict. c. 79.

THE first Act imposing any duty upon railways was that of the 2 & 3 Will. 4, c. 120 (1832), which levied a duty of one halfpenny a mile for every four passengers carried. By the 5 & 6 Vict. c. 79 (1842), this was altered to a duty of 5 per cent. upon the gross receipts from passengers, which (subject to certain exemptions) is now in force.

7 & 8 Vict. c. 85 (Cheap Trains Act).

By the 7 & 8 Vict. c. 85 (1844), popularly known as "The Cheap Trains Act," which, amongst other provisions, imposed certain obligations upon railway companies, section 6, after declaring it "expedient to secure to the poorer class of travellers the means of travelling by railway at moderate fares and in carriages in which they may be protected from the weather," enacted that all passenger railway companies (defined as railways deriving one-third or more of their gross revenue from passengess) incorporated by any Act of that Session, or which should thereafter be incorporated, or which should obtain directly or indirectly any extension or amendment of their powers, were "by means of one train at the least to travel over their railway from one end to the other of each trunk, branch, or junction line belonging to or leased by them," so long as they should continue to carry other passengers over such lines, to run one train at least each way "on every week day, except Christmas Day and Good Friday, to provide for the conveyance of third class passengers to and from the terminal and other ordinary passenger stations of the railway," under seven conditions therein set out, viz.:

(1.) The hours of starting such train were to be subject to the approval of a Government Department (now the Board of Trade).

(2.) Such train was to travel at a speed of not less than 12 miles an hour, including stoppages.

(3.) Such train was, if required, to take up and set down passengers at every passenger station which it should pass.

(4.) The carriages were to be provided with seats, and protected from the weather in a manner satisfactory to the Board of Trade.

(5.) The fare or charge for each third-class passenger by such train was not to exceed 1 *d.* per mile travelled.

(6.) Each passenger was to be entitled to 56 lbs. weight of luggage.

(7.) Children under three years of age were to travel free, and children of three, but under 12, at half the charge for an adult passenger by such train.

Section 7 imposed a penalty on non-compliance with the preceding section, and Section 8 gave to the Board of Trade a power "of dispensing with any of the conditions hereinbefore required in regard to the conveyance of passengers by such cheap trains as aforesaid in consideration of such other arrangements, either in regard to speed, covering from the weather, seats, or other particulars as to" the Board of Trade "should appear more beneficial and convenient for the passengers," but such discretion was not to extend to the amount of fare

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or charge for passengers by such cheap trains, and any railway company conforming to such other conditions as should be sanctioned by the Board of Trade were not to be liable to any penalty for not observing the conditions which should have been dispensed with as above provided. And by Section 9 no tax was to be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding 1 *d.* a mile by any such cheap train as aforesaid.

21 & 22 Vict. c. 75.

The 21 & 22 Vict. c. 75 (1858), commonly known as "The Farthings Act," provided that when the distance travelled by any third-class passenger by any train run in compliance with the provisions relating to cheap trains contained in the Act 7 & 8 Vict. c. 85, is a portion of a mile and does not amount to a mile, the fare for such portion of a mile may be 1 *d.*, but when such distance amounts to a mile, or two or more miles, and part of another mile, the fare or charge for such portion of a mile, if the same amounts to or exceeds half a mile, may be one halfpenny, but the fares for children of three and under 12 were not to exceed half the charge for an adult passenger.

Under the first of these two Acts (as modified by the second) arises the claim for exemption from duty made by railway companies, and for a period of more than 22 years, from 1844 to 1867, the Boards of Trade and of Inland Revenue as well as the railway companies were ignorant of what the precise law was, it having been assumed that the Board of Trade had power to dispense with all or any of the seven conditions contained in the 6th section of the Act, except that relating to the rate of fare to be charged to third-class passengers. This impression was general, and the Board of Trade, during the whole of this period, dispensed with that condition of the 6th section which required the stoppage of the train at every passenger station, and during the same period the Inland Revenue department allowed the exemption from duty in respect of fares charged at 1 *d.* a mile and under on the passengers by trains so approved, although in some of the cases at least the passengers so exempted were not carried in third-class carriages.

Melvill, Q. 422 to 430.
Sir W. Stephenson, Q. 971.
Farrer, Q. 2267 to 2269.

Parkes, Q. 486.
Forbes, Q. 713.
Mansel, Q. 2189.
Sir W. Stephenson, Q. 968 *et seq.*
Farrer, Q. 2267 *et seq.*

Mansel, Q. 2191.

Under this system the accommodation given to third-class passengers (*i. e.* passengers paying fares at the above rate) gradually increased until on almost all the leading railways of the Kingdom they were carried with regularity and speed between all considerable stations by many more trains than the one train per diem required by the Act, and on most of the short traffic railways in the metropolis and its suburbs they had the advantage of travelling by every train.

Your Committee feel bound to observe that the arrangements thus made from time to time, between the Governmental Departments concerned and the officials of the railway companies, were made in frankness and good faith on either side, and that although there appears to have been a misconstruction of the law, according to the judgments afterwards given by the higher tribunals, yet neither party has been to blame for that which both honestly believed to be the correct construction of the law. At the same time, your Committee regret that for so long a period no steps were taken to obtain an authoritative legal decision on a point so critical and important; especially as by this omission either a considerable sum has been lost to the public revenue, or Parliament has been deprived of an earlier opportunity of dealing with the subject.

Melvill, Q. 133.
Farrer, Q. 2269.

In 1866 the Board of Trade were advised that they had not the power of dispensing with the stoppage of the train at every station. A long correspondence took place between the Board of Trade and the Inland Revenue, which resulted in a modified form of approval of the companies' time tables being adopted by the former department, conditional upon the decision at law upon the points at issue; and in 1872 an information was filed by the Attorney General against the North London Railway Company, which was treated as a representative case, and upon which judgment was given by the Court of Exchequer in 1874,

Sir W. Stephenson, Q. 999–1000.
Farrer, Q. 2274.

Appendix—Judgment.

and by the House of Lords on appeal in February of this year, by which decision it was held that the Board of Trade had no power to dispense with the stoppage of trains at every station, and this was really the main question in the cause.

Paper, No 5, handed in by Mr. Mansel. Appendix.

The effect of this decision has been to increase the tax paid by the North London Company from 6,173 *l.* in 1874, to 11,261 *l.* in 1875, and other railways were variously affected by increase of duty, so that the proceeds of the tax rose from 513,547 *l.* in 1874 to 627,146 *l.* in 1875.

Rickman, Table No. 8. Appendix.

Several

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Several of the leading companies who had power by their Acts to charge the duty in addition to their fares, immediately adopted this course in self-defence, and it seems probable that, in the event of the railway passenger duty being continued in its present form and at its present rate, this practice will be followed by those companies who have hitherto abstained from so doing under the belief that the tax will be ultimately abolished. Allport, Q. 2928. Oakley, Q. 2522. Findlay, Q. 3261. 3285. Grierson, Q. 3409. Laing, Q. 3591. 3593.

This construction of an enactment which was designed to provide greater accommodation for the poorer classes bears more hardly upon them than upon any other class of the community, as in its result it to some extent prevents the issuing of return, season, and weekly tickets; if the exemption is earned, the passenger must be delayed by stoppages; if the exemption is forfeited, he has to pay the increased fare to meet the duty. An illustration of this grievance was afforded by a petition laid before your Committee, numerously signed by third-class passengers travelling on the Brighton and South Coast Railway, complaining of the increase of fares. Grierson, Q. 3488. Rickman, Q. 1693. Parkes, Q. 527. 541. Fenton, Q. 1259, 1260. Forbes, Q. 725, 726. 828 *et seq.* Petition—Appendix. Paine, Q. 3209 *et seq.*

An investigation into the history of the Act of 1844, and a reference to the Resolutions contained in the Report of the Select Committee which sat in that year, raise some doubt whether Parliament has employed the proper language to give effect to its intentions, which seem to have been carried out by the early practice. Laing, Q. 3615 *et seq.* Forbes, Q. 713 *et seq.*

The Act of 1844 was founded upon the Report of a Select Committee of this House, which made its Report on the 1st of April in that year. The 11th Resolution of the Committee, accompanying such Report, contains recommendations nearly identical with the conditions professed to be contained in the 6th Section of the Cheap Trains Act, while the 13th Resolution expressly states, "That the Board of Trade" should "have a discretionary power of dispensing with any of the above requirements, and of allowing alternative arrangements which shall appear to it to be better calculated to promote the public convenience upon any particular railway." The 8th Section of the Act was no doubt intended to give effect to this Resolution; but from the judgment of the House of Lords it must be taken to have failed to do so.

It is asserted by all the witnesses connected with railway companies, and admitted by those representing the Government Departments, that the provisions of the Cheap Trains Act, as interpreted by the courts of law, which involves, among other things, the running of at least one train daily from end to end each way, stopping at every station, cannot be strictly followed, and that the Act is constantly infringed. The Solicitor to the Board of Inland Revenue calls it "obsolete," and the Secretary to the Board of Trade speaks of the approval of trains by his Department as having become "a farce." The Inland Revenue have felt bound to make arrangements with the railway companies, based on different plans, and known as the ticket, mileage-fraction, and per-centage systems (which are all entirely outside the Act), as a temporary means of doing justice to the railway companies, and at the same time protecting the interests of the revenue. Without imputing any blame to the Board of Trade or Inland Revenue, who appear only to have acted for the best under the circumstances in which they found themselves, your Committee cannot but regard a state of affairs, in which Public Departments are forced to countenance a departure from the law as decided by the House of Lords, as in the highest degree unsatisfactory. Melvill, Q. 194. Farrer, Q. 2275. Rickman, Q. 1458 *et seq.*

It has been urged (with some force) that this is a tax upon locomotion, and that it is contrary to public policy to maintain a tax upon locomotion, as a tax upon an article of primary necessity; that the tax is unjust and exceptional, upon the ground that all other modes of locomotion have been freed from it; that the tax is unequal as between railways and railways (and unequal as between one class of the community and another); and that it is an additional income tax if shareholders pay it, and if the public pay it, the travelling public pay it instead of the general public. Parkes, Q. 507. Parkes, Q. 430. 523. Allport, Q. 3107.

Directly bearing upon this point is the question as to how far the House of Lords' decision of 1874 has affected the travelling public, and the equally pertinent and important consideration as to how far it may be concluded that the travelling public would be directly benefited by remission in whole or part of the duty. It is established by the evidence that in consequence of the decision referred to, several railway companies forthwith raised their passenger fares; it is stated that other companies would have done so, but for the circum-

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stance that they had not the power to adopt such a course; and that others, having the power to increase the fares, have not done so up to the present, in confident expectation that Parliament would intervene to modify the law thus laid down. To these three classes may be added a fourth, including lines on which since the decision of 1874 the fares have not been increased, because of peculiar and severe competition, rendering it a lesser evil to pay the additional tax than to attempt an increase of fares. It is also before us in evidence, that in the event of any modification of the tax an immediate reduction of fares would take place, in any event, on the lines which adopted the increase as above stated.

In the evidence reference has been made to the debates on the subject from 1832 downwards. At the time of its first imposition, great objection was taken to this tax, and in answer to Mr. Hume, Mr. Spring-Rice (9th August) said: "If the honourable gentleman disputes the propriety of having any tax upon movement at all, I own I cannot answer his objection; but the question is, whether, having a tax upon one kind of movement, it is just to exempt a movement of another description from taxation? As we do lay a tax upon locomotion, it would be a manifest injustice if a coach and horses running upon a road were to be taxed, while a steam carriage, running on a railway parallel to that road, should not be taxed at all. Nor is it fair to the coach proprietors that they should have to contend against the heavy duty which is imposed upon them solely." The Chancellor of the Exchequer (Lord Althorp) said that he perfectly concurred with Mr. Hume, that "the public would gain more by the repeal of the duty on coaches than by the imposition of a new tax upon railroads, but that as the Government were not at present prepared to take the former step, it was but just that steam conveyance should be placed on something like an equal footing with conveyance by horse-coaches." From the above quotation it is evident to your Committee that this tax was primarily imposed on account of the existence of other taxes upon locomotion, in order to establish an equality between conflicting interests.

Forbes, Q. 730 *et seq.* Laing, Q. 3612.

Stress was also laid upon the language of the late Sir R. Peel in 1842, of Mr. Gladstone in 1863, and of Mr. Lowe in 1870, as indicating an intention on their part to do something towards remitting the tax upon railways and placing them on a level with other locomotive interests. Public conveyances were in 1832 subject to a heavy taxation, but such taxation has by successive enactments been withdrawn until it has been reduced to a minimum upon road vehicles, while the duty imposed upon railway companies has not only not been reduced in like manner but has, by means of the decision above referred to, been largely augmented, and, if such decision were applied in its utmost strictness, would be further increased to an amount which was never anticipated or intended. In 1855 the mileage duty on stage carriages was reduced to one penny, and in 1866 (when Mr. Gladstone was Chancellor of the Exchequer) to one farthing per mile. In 1870 the mileage tax was entirely abolished, and a tax on horses substituted. In 1874 the duty on horses was repealed, and the only revenue duty to which omnibus proprietors, tramway companies, and other carriers of passengers by road are now subject is a duty of 2 *l.* 2 *s.* per annum on each vehicle so employed, besides, in London, a police duty of 2 *l.* 2 *s.* per carriage for superintendence and inspection.

Forbes, Q. 695 to 700. Fenton, Q. 1166, 1167. Mansel, Q. 2219, 2220.

The evidence shows that the railways in all large towns, and especially in and around the metropolis, are subject to very severe competition with omnibuses and tramways, and that the effect of the remissions of taxation from time to time given to stage carriages, has been such that while, in 1865, upon one railway, which may be taken as a fair specimen of the metropolitan railways generally, the Government taxation amounted to 2·84 per cent. of the gross receipts, and in the case of the London General Omnibus Company to 8·71 per cent.; in 1873 the like payment by the London General Omnibus Company was only 1·53 per cent., while with the railway company it had risen to 11·46 per cent., and in 1875 the tax paid by the omnibus company was only 0·81 per cent., while that paid by the railway company was 12·98 per cent. upon their receipts. (Besides the above inequality the same railway company have to bear local charges for rates and taxes amounting to 2·46 per cent. upon their receipts, as against only ·30 per cent. borne by the omnibus company). Similar statistics, slightly varying in results, but all pointing to the same conclusion, were given to your Committee in respect of other companies.

Mansel, Q. 2222 to 2224.

Mansel, Q. 2222. Forbes, Q. 760. Fenton, Q. 1177. 1181.

It

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It is in evidence before your Committee, that cases exist in which lines calculated to give accommodation to localities at present thinly populated are now used for goods and mineral traffic only, having never been opened for passenger traffic, although this would be done immediately if the duty were repealed; and that in cases where the railway companies serving a large district (such as the Great Eastern and, some years ago, the London, Brighton and South Coast) are not in prosperous circumstances, the effect of the tax is seriously to hamper the companies in providing money for necessary improvements.

Samuda, Q. 3515 to 3519. Parkes, Q. 612 *et seq.* Lord Houghton, Q. 1890. Laing, Q. 3602 to 3607. Ellis, Q. 1991.

It was, however, contended by the Board of Trade that, inasmuch as the railways enjoy an extent of monopoly unattainable by others, there is no injustice or hardship in the tax; and it was insisted on that the obligation, the penalty and the exemption should cease, and that the tax should alone remain. It was urged that the temptation to put themselves within the exemption works against the public, and that self interest on the part of the railways has superseded the necessity for legislation to secure protection to the poor travellers.

Farrer, Q. 2188, 9. 2368. 2376,7, 9.

Evidence was given from the War Office as to certain disadvantages under which the public service lay with respect to the rates charged by railway companies for the conveyance of troops and military stores, and it was suggested that in any reconsideration of the taxation of railways this question should be entertained. Your Committee are of opinion that all questions relating to the conveyance of troops may properly be left to be arranged between the War Office and the railway companies.

On the whole, your Committee are of opinion that a strong case is made out, whenever the state of the revenue will justify the Government in parting with the produce of this tax, for its entire repeal, on the ground that the reasons on which it was originally based have ceased to exist, and that it is clearly unfair to continue a tax exclusively upon one kind of locomotion after all corresponding taxes upon competitive modes of locomotion have been repealed or reduced to a minimum.

Your Committee recommend, that the provisions of the Cheap Trains Act, 7 & 8 Vict. c. 85 (1844); the Farthings Act, 21 & 22 Vict. c. 75 (1858); and 26 & 27 Vict. c. 33 (Limitation of Exemption under 9 sect. and 7 & 8 Vict. c. 85), 1864, should be repealed, so far as may be necessary, to give effect to the following Resolutions:

1. That the tax is an undesirable one to maintain longer than is necessary from a fiscal point of view, and they recommend its repeal whenever the state of the public revenue will permit.

2. That until the finances of the State warrant the abolition of the tax the following modification should be substituted; that the present tax of 5 per cent. be restricted to fares over 1 *d.* per mile, and that the fares of all classes of passengers for the single journey carried in any train paying 1 *d.* or less per mile, be exempted, and that this exemption should apply to return, weekly, and season tickets; that in levying the duty in respect of return tickets, of whatever class, and by whatever trains the holders may be carried, one-half of the amounts be treated as the fare in one direction, and the other half as the fare for the return journey; that in levying the duty in respect of season tickets of whatever class, or whether the holders have been carried by express or stopping trains, the fare for each journey shall be reckoned by dividing the cost of the ticket by double the number of week days in the period during which the ticket is available.

3. That in urban and suburban districts all fares of all classes up to and including 9 *d.* and all return fares based upon the fare for the single journey be exempted.

4. That in any future legislation care should be taken to keep in view the object that was aimed at by the legislative obligation to maintain ample communication between the several stations on each line.

23 *June* 1876.

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PROCEEDINGS OF THE COMMITTEE.

Thursday, 30*th March* 1876.

MEMBERS PRESENT:

Mr. Rodwell.	Mr. Arthur Peel.
Mr. Macdonald.	Mr. Sullivan.
Mr. Leighton.	Mr. M'Lagan.
Mr. James Corry.	Lord Claud Hamilton.
Mr. Serjeant Spinks.	Earl Percy.
Mr. Samuda.	

Mr. RODWELL was called to the Chair.

The Committee deliberated.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 4*th April* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Leighton.	Mr. James Corry.
Mr. Samuda.	Mr. Sullivan.
Mr. Macdonald.	Mr. Arthur Peel.
Mr. Ashley.	Viscount Crichton.
Mr. Serjeant Spinks.	Mr. M'Lagan.
Lord Claud Hamilton.	Mr. Rodwell.

Mr. *William Henry Melvill* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 7*th April* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Sullivan.	Mr. Ashley.
Lord Claud Hamilton.	Mr. Leighton.
Mr. James Corry.	Mr. Samuda.
Sir Harcourt Johnstone.	Mr. Bruce.
Mr. Serjeant Spinks.	Viscount Crichton.
Mr. Arthur Peel.	Mr. M'Lagan.
Mr. Macdonald.	Mr. Rodwell.

Mr. *William Henry Melvill* was further examined.

Mr. *C. H. Parkes* was examined.

[Adjourned till Tuesday, 2nd May, at Twelve o'clock.

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Tuesday, 2nd May 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Bruce.	Mr. M'Lagan.
Lord Claud Hamilton.	Viscount Crichton.
Mr. Macdonald.	Mr. Serjeant Spinks.
Mr. Leighton.	Mr. Ashley.
Sir Harcourt Johnstone.	Mr. James Corry.
Mr. Samuda.	Mr. Rodwell.
Mr. Arthur Peel.	

Mr. *James S. Forbes* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 5th May 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Macdonald.	Mr. Ashley.
Sir Harcourt Johnstone.	Mr. James Corry.
Mr. Samuda.	Mr. M'Lagan.
Mr. Bruce.	Viscount Crichton.
Mr. Leighton.	Mr. Serjeant Spinks.
Lord Claud Hamilton.	Mr. Sullivan.
Mr. Arthur Peel.	Mr. Rodwell.

Sir *W. H. Stephenson* and Mr. *Myles Fenton* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 9th May 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Serjeant Spinks.	Mr. Bruce.
Earl Percy.	Mr. M'Lagan.
Mr. Leighton.	Viscount Crichton.
Mr. Samuda.	Mr. Ashley.
Mr. Macdonald.	Mr. James Corry.
Sir Harcourt Johnstone.	Mr. Rodwell.
Lord Claud Hamilton.	

Mr. *Charles Rickman* and Mr. *Arthur L. Haliburton* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

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Friday, 12*th May* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Leighton.
Mr. Knatchbull-Hugessen.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Serjeant Spinks.
Sir Harcourt Johnstone.
Earl Percy.
Mr. Samuda.
Viscount Crichton.
Mr. Bruce.
Mr. James Corry.
Mr. Ashley.
Mr. Arthur Peel.
Mr. Rodwell.
Mr. Sullivan.

The Lord *Houghton* (attending by permission of the House of Lords), Mr. *C. Rickman*, Mr. *Henry S. Ellis*, and Mr *R. S. Mansel* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 16*th May* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Ashley.
Mr. Knatchbull-Hugessen.
Mr. Macdonald.
Mr. Arthur Peel.
Mr. Leighton.
Mr. Serjeant Spinks.
Sir Harcourt Johnstone.
Lord Claud Hamilton.
Mr. Samuda.
Earl Percy.
Mr. Bruce.
Viscount Crichton.
Mr. Rodwell.

Mr. *Thomas H. Farrer*, Mr. *R. S. Mansel*, and Mr. *H. Oakley* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 19*th May* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. James Corry.
Mr. Arthur Peel.
Mr. Macdonald.
Mr. Ashley.
Mr. Knatchbull-Hugessen.
Mr. Leighton.
Mr. Serjeant Spinks.
Mr. Bruce.
Sir Harcourt Johnstone.
Mr. M'Lagan.
Lord Claud Hamilton.
Earl Percy.
Viscount Crichton.
Mr. Rodwell.

Mr. *T. H. Farrer* was further examined.

Mr. *James Allport* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

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Tuesday, 23*rd May* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Earl Percy.	Mr. Samuda.
Mr. Knatchbull-Hugessen.	Mr. Arthur Peel.
Mr. Leighton.	Mr. Bruce.
Sir Harcourt Johnstone.	Mr. M'Lagan.
Mr. Macdonald.	Mr. Ashley.
Mr. Serjeant Spinks.	Mr. Rodwell.

Mr. *T. H. Farrer* and Mr. *James Allport* were further examined.

Mr. *C. Rickman*, Mr. *Walter Paine*, Mr. *George Findlay*, and Mr. *James Grierson*, were severally examined.

[Adjourned till Friday next, at One o'clock.

Friday, 26*th May* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Knatchbull-Hugessen.	Mr. Ashley.
Mr. Macdonald.	Mr. Samuda.
Sir Harcourt Johnstone.	Viscount Crichton.
Mr. Leighton.	Mr. Serjeant Spinks.
Mr. Bruce.	Earl Percy.
Mr. Arthur Peel.	Mr. Rodwell.

Mr. *Myles Fenton* was further examined.

Mr. *Samuda*, Mr. *S. Laing* (a Member of the House), and Mr. *Edward W. Cobb*, were severally examined.

[Adjourned till Tuesday, 13th June, at Twelve o'clock.

Tuesday, 13*th June* 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Earl Percy.	Mr. James Corry.
Mr. Samuda.	Mr. Macdonald.
Mr. Knatchbull-Hugessen.	Mr. Ashley.
Mr. M'Lagan.	Mr. Leighton.
Mr. Arthur Peel.	Mr. Sullivan.
Mr. Serjeant Spinks.	Viscount Crichton.
Sir Harcourt Johnstone.	Mr. Bruce.

DRAFT REPORT proposed by the Chairman, read the first time, as follows:—

"1. FROM the nature of the inquiry your Committee have been mainly dependent upon the representatives of the Inland Revenue and Board of Trade Departments, and the officials of the railway companies, for their facts and information, but notwithstanding the complications and contentions which have arisen in settling the mode and measure of taxation, it appears that the interests of the public have been duly regarded, and that the railway companies have acted throughout with frankness and good faith.

Melvill, Q. 398. Stephenson, Q. 968, 975 *et seq.* 982. Forbes, Q. 718.

"2. The first Act imposing any duty upon railways was that of the 2 & 3 Will. 4, c. 120 (1832), which levied a duty of one halfpenny a mile for every four passengers carried. By the 5 & 6 Vict. c. 79 (1842), this was altered to a duty of 5 per cent. upon the gross receipts from passengers, which (subject to certain exemptions) is now in force.

Origin of Duty. 2 & 3 Wm. 4, c. 120. Alteration made by 5 & 6 Vict. c. 79.

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7 & 8 Vict. c. 85 (Cheap Trains Act).

"3. By the 7 & 8 Vict. c. 85 (1844), popularly known as 'The Cheap Trains Act,' which imposed certain obligations upon railway companies, Section 6, after declaring it 'expedient to secure to the poorer class of travellers the means of travelling by railway at moderate fares, and in carriages in which they may be protected from the weather,' enacted that all passenger railway companies incorporated by any Act of that Session, or which should thereafter be incorporated, or which should obtain directly or indirectly any extension or amendment of their powers, were 'by means of one train at the least to travel over their railway from one end to the other of each trunk, branch, or junction line belonging to or leased by them,' so long as they should continue to carry other passengers over such lines, to run one train at least each way 'on every week day, except Christmas Day and Good Friday, to provide for the conveyance of third-class passengers to and from the terminal and other ordinary passenger stations of the railway,' under seven conditions therein set out, viz.:

"(1.) The hours of starting such train were to be subject to the approval of a Government Department (now the Board of Trade).

"(2.) Such train was to travel at a speed of not less than 12 miles an hour, including stoppages.

"(3.) Such train was, if required, to take up and set down passengers at every passenger station which it should pass.

"(4.) The carriages were to be provided with seats, and protected from the weather in a manner satisfactory to the Board of Trade.

"(5.) The fare or charge for each third-class passenger by such train was not to exceed 1 *d.* per mile travelled.

"(6.) Each passenger was to be entitled to 56 lbs. weight of luggage.

"(7.) Children under three years of age were to travel free, and children of three, but under 12, at half the charge for an adult passenger by such train.

"Section 7 imposed a penalty on non-compliance with the preceding section, and Section 8 gave to the Board of Trade a power 'of dispensing with any of the conditions hereinbefore required in regard to the conveyance of passengers by such cheap trains as aforesaid in consideration of such other arrangements, either in regard to speed, covering from the weather, seats, or other particulars as to' the Board of Trade 'should appear more beneficial and convenient for the passengers,' but such discretion was not to extend to the amount of fare or charge for passengers by such cheap trains, and any railway company conforming to such other conditions as should be sanctioned by the Board of Trade were not to be liable to any penalty for not observing the conditions which should have been dispensed with as above provided. And by Section 9 no tax was to be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding 1 *d.* a mile by any such cheap train as aforesaid.

21 & 22 Vict. c. 75.

"4. The 21 & 22 Vict. c. 75 (1858), commonly known as 'The Farthings Act,' provided that when the distance travelled by any third-class passenger by any train run in compliance with the provisions relating to cheap trains contained in the Act 7 & 8 Vict. c. 85, is a portion of a mile and does not amount to a mile, the fare for such portion of a mile may be 1 *d.*, but when such distance amounts to a mile, or two or more miles, and part of another mile, the fare or charge for such portion of a mile, if the same amounts to or exceeds half a mile, may be one halfpenny, but the fares for children of three and under 12 were not to exceed half the charge for an adult passenger.

"5. Under the first of these two Acts (as modified by the second) arises the claim for exemption from duty made by railway companies, and for a period of more than 22 years, from 1844 to 1867, the Boards of Trade and of Inland Revenue as well as the railway companies were ignorant of what the precise law was, it having been assumed that the Board of Trade had power to dispense with all or any of the seven conditions contained in the 6th Section of the Act, except that relating to the rate of fare to be charged to third-class passengers. This impression was universal, and the Board of Trade during the whole of this period, dispensed with that condition of the 6th Section which required the stoppage of the train at every passenger station, and during the same period the Inland Revenue Department allowed the exemption from duty in respect of fares charged at 1 *d.* a mile and under on the passengers by trains so approved, although in some of the cases at least the passengers so exempted were not carried in third-class carriages. Under this system the accommodation given to third-class passengers (*i. e.*, passengers paying fares at the above rate) gradually increased until on almost all the leading railways of the Kingdom they were carried with regularity and speed between all considerable stations by many more trains than the one train per diem required by the Act, and on most of the short traffic railways in the metropolis and its suburbs they had the advantage of travelling by every train.

Melvill, Q. 422 to 430.
Sir W. Stephenson, Q. 971.
Farrer, Q. 2267 to 2269.
Parkes, Q. 486.
Forbes, Q. 713.
Mansel, Q. 2189.
Sir W. Stephenson, Q. 968 *et seq.*
Farrer, Q. 2267 *et seq.*
Mansel, Q. 2191.

"6. In 1866 the Board of Trade were advised that they had not the power of dispensing with the stoppage of the train at every station. A long correspondence took place between the Board of Trade and the Inland Revenue, which resulted in a modified form of approval of the companies' time tables being adopted by the former department of less explicit character than that previously used, and in 1872 an information was filed by the Attorney

Melvill, Q. 133.
Farrer, Q. 2269.
Sir W. Stephenson, 8. 999-1000.
Farrer, Q. 2274.

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Attorney General against the North London Railway Company, which was treated as a representative case, and upon which judgment was given by the Court of Exchequer in 1874, and by the House of Lords on appeal in February of this year, by which decision it was held that the Board of Trade had no power to dispense with the stoppage of trains at every station, and this was really the main question in the cause. Appendix—Judgment.

" 7. The effect of this decision has been to increase the tax paid by the North London Company from 6,173 *l.* in 1874, to 11,261 *l.* in 1875, and other railways were variously affected by increase of duty, so that the proceeds of the tax rose from 513,547 *l.* in 1874 to 627,146 *l.* in 1875. Paper, No. 5, handed in by Mr. Mansel. Appendix. Rickman, Table No. 8. Appendix.

" 8. Several of the leading companies who had power by their Acts to charge the duty in addition to their fares, immediately adopted this course in self-defence, and it seems probable that this practice will be followed by those companies who hitherto have abstained from so doing under the belief that the tax will be ultimately abolished. Allport, Q. 2928. Oakley, Q. 2522. Findlay, Q. 3261. 3285. Grierson, Q. 3409. Laing, Q. 3591. 3593.

" 9. The effect of this increase of fares has been to make the tax directly payable by the passenger, and it would appear by the evidence before the Committee that the companies have the means of saddling a large proportion of the duty upon the poorer class of the travelling public, and that about 100,000 *l.* per annum has been already so paid. Farrer, Q. 2314–2326. 2331. Laing, Q. 3593. Findlay, Q. 3227. 3247. 3258. Grierson, Q. 3428. 3436, 3437.

" 10. This construction of an enactment which professed to provide greater accommodation for the poorer classes bears more hardly upon them than upon any other class of the community, as in its result it to some extent prevents the issuing of return, season and weekly tickets; if the exemption is earned, the passenger must be delayed by stoppages; if the exemption is forfeited, he has to pay the increased fare to meet the duty. An illustration of this grievance was afforded by a petition laid before your Committee, numerously signed by third-class passengers travelling on the Brighton and South Coast Railway, complaining of the increase of fares, and it was proved that passengers had been deterred from using the line in consequence of such increase. Grierson, Q. 3488. Rickman, Q. 1693. Parkes, Q. 527. 541. Fenton, Q. 1259, 1260. Forbes, Q. 725, 726. 828 *et seq.* Petition—Appendix. Paine, Q. 3209 *et seq.*

" 11. An investigation into the history of the Act of 1844, and a reference to the Resolutions contained in the Report of the Select Committee which sat in that year, raise some doubt whether Parliament has employed the proper language to give effect to its intentions, which seem to have been carried out by the early practice. Laing, Q. 3615 *et seq.* Forbes, Q. 713 *et seq.*

" 12. The Act of 1844 was founded upon the Report of a Select Committee of this House, which made its Report on the 1st of April in that year. The 11th Resolution of the Committee, accompanying such Report, contains recommendations nearly identical with the conditions professed to be contained in the 6th Section of the Cheap Trains Act, while the 13th Resolution expressly states, 'That the Board of Trade' should 'have a discretionary power of dispensing with any of the above requirements, and of allowing alternative arrangements which shall appear to it to be better calculated to promote the public convenience upon any particular railway.' The 8th Section of the Act was no doubt intended to give effect to this Resolution; but from the judgment of the House of Lords it must be taken to have failed to do so.

" 13. It is asserted by all the witnesses connected with railway companies, and admitted by those representing the Government Departments, that the provisions of the Cheap Trains Act, as interpreted by the courts of law, cannot be strictly followed, and that the Act is constantly infringed. The Solicitor to the Inland Revenue calls it 'obsolete,' and the Secretary to the Board of Trade speaks of the approval of trains by his department as having become 'a farce.' The Inland Revenue have felt bound to make arrangements with the railway companies, based on different plans, and known as the ticket-mileage and per-centage systems (which are all entirely outside the Act), as a temporary means of doing justice to the railway companies, and at the same time protecting the interests of the revenue. Melvill, Q. 194. Farrer, Q. 2275. Rickman, Q. 1458 *et seq.*

" 14. It has been urged with some force that it is contrary to correct policy to maintain a tax upon locomotion, as a tax upon an article of primary necessity; that the tax is unjust and exceptional, upon the ground that all other modes of locomotion have been freed from it; that the tax is unequal as between railways and railways, and unequal as between one class of the community and another; and that it is an additional income tax if shareholders pay it, and if the public pay it the travelling public pay it instead of the general public. Stress was also laid upon the language of the late Sir R. Peel in 1842, of Mr. Gladstone in 1863, and of Mr. Lowe in 1870, as indicating an intention on their part to do something towards remitting the tax upon railways and placing them on a level with other locomotive interests. Public conveyances were in 1832 subject to a heavy taxation, but such taxation has by successive enactments been withdrawn until it has been reduced to a minimum upon road vehicles, while the duty imposed upon railway companies has not only not been reduced in like manner, but has, by means of the decision above referred to, been largely augmented, and, if such decision were applied in its utmost strictness, would be further increased to an amount which was never anticipated or intended. In 1855 the mileage duty on stage carriages was reduced to one penny, and in 1866 (when Mr. Gladstone was Chancellor of the Exchequer) to one farthing per mile. In 1870 the mileage tax was entirely abolished, and a tax on horses substituted. Parkes, Q. 507. Parkes, Q. 430. 523. Allport, Q. 3107. Forbes, Q. 730 *et seq.* Laing, Q. 3612.

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In 1875 the duty on horses was repealed, and the only revenue duty to which omnibus proprietors, tramway companies, and other carriers of passengers by road are now subject is a duty of 2 *l.* 2 *s.* per annum on each vehicle so employed, besides, in London, a police duty of 2 *l.* 2 *s.* per carriage for superintendence and inspection.

Forbes, Q. 695 to 700. Fenton, Q. 1166, 1167. Mansel, Q. 2219. 2220.

"15. The evidence shows that the railways in all large towns, and especially in and around the metropolis, are subject to very severe competition with omnibuses and tramways, and that the effect of the remissions of taxation from time to time given to stage carriages, has been such that while, in 1865, upon one railway, which may be taken as a fair specimen of the metropolitan railways generally, the Government taxation amounted to 2·84 per cent. of the gross receipts, and in the case of the London General Omnibus Company to 8·71 per cent.; in 1873 the like payment by the London General Omnibus Company was only 1·53 per cent., while with the railway company it had risen to 11·46 per cent., and in 1875 the tax paid by the omnibus company was only 0·81 per cent., while that paid by the railway company was 12·98 per cent. upon their receipts. Besides the above inequality the same railway company have to bear local charges for rates and taxes amounting to 2·46 per cent. upon their receipts, as against only ·30 per cent. borne by the omnibus company. Similar statistics, slightly varying in results, but all pointing to the same conclusion, were given to your Committee in respect of other companies; and the general tenor of the evidence laid before them in this respect serves to show that, although the case of railways in the metropolis and other large towns which are chiefly dependant on short or suburban traffic may be the strongest, the long railways are also, to a less degree, exposed to competition, which renders monopoly a question of degree.

Mansel, Q. 2223 to 2224.

Mansel, Q. 2222. Forbes, Q. 760. Fenton, Q. 1177. 1181.

Farrer, Q. 2386.

Samuda, Q. 3515 to 3519. Parkes, Q. 612 *et seq.* Lord Houghton, Q. 1830. Laing, Q. 3602 to 3607. Ellis, Q. 1991.

"16. It is in evidence before your Committee, that cases exist in which lines calculated to give accommodation to localities at present thinly populated are now used for goods and mineral traffic only, having never been opened for passenger traffic, although this would be done immediately if the duty were repealed; and that in cases where the railway companies serving a large district (such as the Great Eastern and, some years ago, the London, Brighton, and South Coast) are not in prosperous circumstances, the effect of the tax is seriously to hamper the companies in providing money for necessary improvements, and in some cases to delay for years the adoption of measures which the Board of Trade are constantly recommending as desirable for the proper accommodation, and even for the safety, of the public.

Parkes, Q. 570. 587, 588. 603. Laing, Q. 3670-71.

"17. It was, however, contended by the Board of Trade that, inasmuch as the railways enjoy an extent of monopoly unattainable by others, there is no injustice or hardship in the tax; and it was insisted on that the obligation, the penalty and the exemption should cease, and that the tax should alone remain. It was urged that the temptation to put themselves within the exemption works against the public, and that self-interest on the part of the railways has superseded the necessity for legislation to secure protection to the poor travellers.

Farrer, Q. 2188, 9. 2368. 2376, 7, 9.

"18. On the whole, your Committee are of opinion that a strong case is made out, whenever the state of the revenue will justify the Government in parting with the produce of this tax for its entire repeal, on the ground that the reasons on which it was originally based have ceased to exist, and that it is clearly unfair to continue a tax exclusively upon one kind of locomotion after all corresponding taxes upon competitive modes of locomotion have been repealed or reduced to a minimum.

Resolutions. Mr. Rickman. Mr. Cobbe.

"19. With a view to simplify the proceedings between the revenue and the railways various suggestions have been made to provide a substitute for the present tax, as appears by the evidence. Your Committee have come to the following Resolutions:—

"1st. That there are insuperable difficulties in carrying out the Cheap Trains Act, according to the law laid down by the House of Lords.

"2nd. That the mode of levying and collecting the duty is complicated, unsatisfactory, and liable to abuse.

"3rd. That the effort to bring within the exemption such portion of the traffic as the amount of the railway fare will justify, prevents the use of return, weekly, and season tickets, and other accommodation which the public might otherwise enjoy.

"4th. That the abolition of the tax would confer, directly and indirectly, advantages both on the railways and the public.

"5th. That the tax having been imposed originally to put all means of locomotion on a level, there is some injustice in retaining it upon one class of conveyance after the others have been relieved.

"6th. That the decision of the House of Lords has given an interpretation of the law quite inconsistent with that upon which the Government and the railways acted for 22 years, and upon the faith of which railway enterprise has developed; and that the increase of duty payable in future by the railway companies far exceeds the amount which was anticipated.

"7th. That the tax presses with greater severity upon the metropolitan and suburban lines, who are exposed to a considerable amount of competition.

"20. Your

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"20. Your Committee are of opinion,—

"1. That the Cheap Trains Act, &c., &c., should be repealed at once as impracticable and mischievous.

"2. That the tax is an undesirable one to maintain longer than is necessary from a fiscal point of view, and they recommend its repeal whenever the state of the public revenue will permit.

"3. That until the finances of the State warrant the abolition of the tax, the following modification should be substituted; that the present tax of 5 per cent. be restricted to such passengers only as pay more than 1 *d.* per mile, and that passengers carried in any train paying 1 *d.* or less per mile, be exempted, and that this exemption should apply to return, weekly, and season tickets.

"4. That the effect of this change would be to reduce the amount from 750,000 *l.* (its estimated amount for 1876) to 400,000 *l.*, which nearly represents the sum that would have been raised under the former view of the law, and that the amount would gradually increase so as to reach 750,000 *l.* in five years.

"5. That in any legislation a minimum number of stopping trains should be secured, but that the obligation to stop once a day at every station should cease so long as every station had communication with every other station within a distance of not less than 100 miles."

DRAFT REPORT proposed by Earl *Percy*, read the first time, as follows:—

"1. Your Committee have taken a large amount of evidence from witnesses representing the Government Departments of the Board of Trade and Inland Revenue, the principal railway companies and the travelling public.

"2. It has been proved to the satisfaction of your Committee that the enactments with regard to the Railway Passenger Duty require amendment. A duty was first imposed upon railways by the Act of 2 & 3 Will. 4, at a time when all public means of conveyance were subject to taxation, but the railway system being then in its infancy, it was dealt with on most favourable terms, in comparison with other modes of locomotion. Subsequently, however, the tax was modified rather with a view to securing cheap and convenient means of locomotion for the poorer class of passengers, and for this reason, as well as from fiscal considerations, it has been retained.

"3. The conditions of railway communication have been so greatly altered since the duty was fixed on its present basis, that it is found impracticable strictly to observe the letter of the law. Much uncertainty prevailed as to its interpretation until the judgment of the House of Lords, in the year 1874, proved that an exact adherence to the provisions of the Act was impossible, and since that time the matter has been arranged by compromise between the Government departments and the companies.

"4. Without imputing any blame to the officers of the Board of Trade or Inland Revenue, who appear only to have acted for the best under the circumstances in which they found themselves, your Committee cannot but regard a state of affairs, in which the servants of Her Majesty are forced to countenance a breach of the law, and to interpret the intentions rather than to carry out the dictates of the Legislature, as in the highest degree unsatisfactory.

"5. Your Committee have, therefore, to consider the various proposals which have been made to remedy the evil. The principal propositions which have been submitted to them are—

"(*a.*) The total abolition of the tax.

"(*b.*) The abolition of all obligations and exemptions, and the imposition of an uniform payment, either on all traffic—that of goods as well as of passengers—or on passenger traffic only.

"(*c.*) The substitution of a per-centage tax on net receipts, either from all traffic—that of goods as well as of passengers—or from passenger traffic only.

"(*d.*) The payment of a fixed annual sum equal to the duty now levied.

"6. With regard to the total abolition of all railway taxation, in the present state of the Exchequer no such recommendation could be made. But it is questionable whether, even under a more prosperous condition of the revenue, there is more to be said for the removal of this burden than for that of many other imposts.

"No doubt exception may on several grounds be taken to it in every form in which it could be levied, but it must not be forgotten that the arguments for the retention of an existing tax are totally distinct from those which would hold good were it proposed to impose it for the first time, and the case against it does not appear so strong as to justify a recommendation that it should have a pre-eminent place in any scheme for the further remission of taxation.

"Indeed it has been urged, with considerable force, that the duty is valuable as giving the Government a means of interposing in the public interests when the arrangements of

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any company seem to be objectionable. In will be seen by the Reports of the Committee on Railway Communication in 1839 and 1840, that the necessity for a general superintendence by the executive of all those arrangements and regulations of railway companies in which the public are interested, has always been felt by Parliament; and the evidence of Mr. Forbes, a witness very hostile to the retention of the duty, before this Committee, shows 'that the existence of the exemption' (which of course pre-supposes the existence of the tax) 'has induced the railway companies to do things which they would not otherwise have done.'

"7. It is unnecessary to discuss seriatim the suggestions which have been made for the adjustment of the duty; but before stating the course which your Committee think should be adopted, it is desirable to bear in mind the chief objections that have been made to it as it now stands. These are—

"(*a.*) That it is inexpedient as a tax on locomotion, and unjust as a burden on one species of locomotion, all other kinds being almost, if not wholly, untaxed.

"(*b.*) That it is a hindrance on the extension of railways, and that it discourages an increase in the number of stations and other undertakings and adjustments conducive to the public advantage, and as thus the effect—at least in the metropolis—of retarding the growth and extension of suburban residences.

"(*c.*) That it tends to increase rather than diminish the price of fares.

"(*d.*) That it leads to a complication in the manner of keeping the financial records of the companies, and imposes vexations and inquisitorial conditions upon them.

"(*e.*) That it affects the poor companies more than the rich.

"8. Mr. Haliburton gave evidence as to certain disadvantages under which the public service lay with regard to the rates charged by railway companies for the conveyance of troops and military stores, and suggested that in any reconsideration of the taxation of railways this question should be entertained.

"9. On a review of the whole matter, your Committee recommend the abolition of the present tax, together with all the obligations and exemptions connected therewith, and the imposition, in lieu thereof, either of a duty upon all passenger traffic, such as would furnish the Exchequer with a sum equal to that now raised, or of a per-centage on the net receipts from all passenger traffic of a like amount.

"10. If an arrangement could be made with any company or companies for the carriage of troops and stores at reduced rates, or for any Government service, an equivalent diminution might be made in the duty to be paid by such company or companies.

"11. In the event of the state of the revenue at any future time justifying an abatement in this source of income, your Committee suggest that it should be made in return for such advantages to the travelling public, to be agreed upon between the Board of Trade and the companies, as may at the time appear to be most beneficial to the parties concerned, so that the control of the Government over the great highways of the country may be maintained and enforced."

MOTION MADE, and Question, "That the Draft Report proposed by the Chairman be now read a second time, paragraph by paragraph"—put, and *agreed to.*

Paragraph 1 *postponed.*—The Committee deliberated.

Motion made, and Question proposed, "That this Committee do now adjourn till Tuesday next, at 12 o'clock"—(Sir *Harcourt Johnstone*).—Amendment proposed, to leave out the word "Tuesday," in order to insert the word "Friday"—(Mr. *Ashley*)—instead thereof.—Question put, That the word "Tuesday" stand part of the Question.—The Committee divided:

Ayes, 7.	Noes, 7.
Mr. Knatchbull-Hugessen.	Earl Percy.
Sir Harcourt Johnstone.	Mr. James Corry.
Mr. Bruce.	Mr. M'Lagan.
Mr. Serjeant Spinks.	Mr. Macdonald.
Mr. Samuda.	Mr. Ashley.
Mr. Arthur Peel.	Mr. Sullivan.
Viscount Crichton.	Mr. Leighton.

Whereupon the Chairman declared himself with the *Ayes.*

Main Question put, and *agreed to.*

[Adjourned till Tuesday next, at Twelve o'clock.

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Tuesday, 20th June 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Knatchbull-Hugessen.	Mr. Arthur Peel.
Mr. Sullivan.	Viscount Crichton.
Mr. Ashley.	Mr. Bruce.
Earl Percy.	Mr. Samuda.
Lord Claud Hamilton.	Mr. Macdonald.
Sir Harcourt Johnstone.	Mr. M'Lagan.
Mr. Leighton.	Mr. James Corry.
Mr. Serjeant Spinks.	

REPORT further considered.

Paragraphs 2 and 4, *agreed* to.

Paragraph 5.—Amendment proposed, in line 13, to leave out the words "under this system"—(Mr. *Leighton*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 11.	Noes, 3.
Viscount Crichton.	Earl Percy.
Mr. James Corry.	Mr. Macdonald.
Sir Harcourt Johnstone.	Mr. Leighton.
Mr. Bruce.	
Lord Claud Hamilton.	
Mr. Knatchbull-Hugessen.	
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Arthur Peel.	
Mr. Sullivan.	
Mr. Ashley.	

Paragraph amended by inserting, after the words "under this system," the words: "Your Committee feel bound to observe that the arrangements thus made from time to time, between the Governmental Departments concerned and the officials of the railway companies, were made in frankness and good faith on either side, and that although there appears to have been a misconstruction of the law, according to the judgments afterwards given by the higher tribunals, yet neither party has been to blame for that which both honestly believed to be the correct construction of the law"—(Mr. *Knatchbull-Hugessen*).

Another Amendment proposed after the word "law," at the end of the last Amendment, to add the words: "At the same time your Committee regret that for so long a period no steps were taken to obtain an authoritative legal decision on a point so critical and important; especially as by this omission either a considerable sum has been lost to the public revenue, or Parliament has been deprived of an earlier opportunity of dealing with the subject"—(Mr. *Sullivan*).—Question put, That those words be there added.—The Committee divided:

Ayes, 10.	Noes, 5.
Mr. James Corry.	Viscount Crichton.
Sir Harcourt Johnstone.	Earl Percy.
Mr. Bruce.	Lord Claud Hamilton.
Mr. Serjeant Spinks.	Mr. Knatchbull-Hugessen.
Mr. Samuda.	Mr. Ashley.
Mr. Arthur Peel.	
Mr. Sullivan.	
Mr. Macdonald.	
Mr. Leighton.	
Mr. M'Lagan.	

Paragraph, as amended, *agreed to.*

Paragraph 6, amended, and *agreed to.*

Paragraph 7.—Amendment proposed, in line 1, after the word "decision," to insert the words, "showed that a large sum of arrears and"—(Mr. *Macdonald*).—Question, That those words be there inserted.—Amendment, by leave, *withdrawn*.—Paragraph *agreed to.*

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Paragraph 8.—Amendments made.—Question put, That this paragraph, as amended stand part of the proposed Report.—Committee divided:

Ayes, 10.	Noes, 4.
Mr. James Corry.	Viscount Crichton.
Sir Harcourt Johnstone.	Earl Percy.
Mr. Bruce.	Mr. Macdonald.
Lord Claud Hamilton.	Mr. Leighton.
Mr. Knatchbull-Hugessen.	
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Sullivan.	
Mr. Ashley.	
Mr. M'Lagan.	

Paragraph 9, *disagreed to.*

Paragraph 10, amended, and *agreed to.*

Paragraphs 11 and 12, *agreed to.*

Paragraph 13.—Amendment proposed, in line 6, after the word "Revenue," to leave out the words, "have felt bound to make," and to insert the word "made"—(Mr. *Macdonald*) —instead thereof.—Question put, That the words, "have felt bound to make," stand part of the paragraph.—The Committee divided:

Ayes, 13.	Noes, 2.
Viscount Crichton.	Mr. Macdonald.
Mr. James Corry.	Mr. Leighton.
Earl Percy.	
Sir Harcourt Johnstone.	
Mr. Bruce.	
Lord Claud Hamilton.	
Mr. Knatchbull-Hugessen.	
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Arthur Peel.	
Mr. Sullivan.	
Mr. Ashley.	
Mr. M'Lagan.	

Another Amendment proposed, at end of the paragraph, to add the words, "Without imputing any blame to the Board of Trade or Inland Revenue, who appear only to have acted for the best under the circumstances in which they found themselves, your Committee cannot but regard a state of affairs, in which public departments are forced to countenance a departure from the law, as decided by the House of Lords, as in the highest degree unsatisfactory"—(Earl *Percy*).—Question, That those words be there added,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Amendment proposed, after paragraph 13, to insert the following new paragraph: —" Contradictory evidence has been given before your Committee with regard to the incidence of this tax, some witnesses contending that it falls upon the travelling public, whilst others maintain that it is borne by the railway companies. It appears to your Committee that the truth is between the two statements. There can be no doubt that, as has been already stated, fares have, in the case of some companies, been increased since, and avowedly in consequence of, the legal decision of 1874; and it has been stated by several witnesses that such fares would unquestionably be reduced in the event of the abolition or appreciable modification of the tax. In all such cases it is impossible to deny that the tax falls directly upon the travelling public, and must be classed with those taxes upon locomotion which, with the present exception, have been repealed since its first imposition in 1832. There are, however, two classes of cases in which the tax may be said to be borne by the railway companies. The first, the case in which railways have not at present added the passenger duty to their fares (although they have the power to do so), relying upon an alteration of the law, and being unwilling to make the addition pending such alteration. Should the law remain unaltered, it cannot be doubted that, in these cases also, an increase of fares will soon take place, and the tax fall upon the travelling public. There are, however, railways which are unable to add to their fares on account of the competition to which they are exposed, or by reason of their not having power to do so, and in these cases the tax is borne by the 'railway companies'; that is to say, by the 'unprotected' shareholders, the holders of ordinary stock, the money applicable to whose dividends is diminished by the amount of the tax. When, therefore, it is stated that the Railway Passenger Duty is paid either by the travelling public or by the railway companies, the statement implies that the tax is, in the one case, a direct tax upon locomotion, and in the other, an exceptional income tax upon the investors in one particular form of public securities. According to a Paper handed in by Mr. T. H. Farrer, upwards of 40 railway companies paid this duty without paying any dividend at all to their ordinary shareholders, in which case the burden fell upon the holders of preference stock"—(Mr. *Knatchbull-Hugessen*).—Question proposed, That the proposed paragraph be inserted in the proposed Report.—

Amendment

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Amendment proposed to the proposed Amendment, to leave out the words "contradictory evidence" at the beginning thereof.—Question put, That the words "contradictory evidence" stand part of the said proposed Amendment.—The Committee divided:

Ayes, 7.	Noes, 7.
Viscount Crichton.	Mr. James Corry.
Sir Harcourt Johnstone.	Earl Percy.
Mr. Bruce.	Mr. Samuda.
Lord Claud Hamilton.	Mr. Arthur Peel.
Mr. Knatchbull-Hugessen.	Mr. Macdonald.
Mr. Serjeant Spinks.	Mr. Ashley.
Mr. Sullivan.	Mr. Leighton.

Whereupon the Chairman declared himself with the *Ayes*.

Another Amendment proposed to the proposed Amendment, to leave out the words "should the law remain unaltered it cannot be doubted that in these cases also an increase of fares will soon take place and the tax fall upon the travelling public" in lines 15–17—(Mr. *Corry*).—Question put, That the words proposed to be left out stand part of the said proposed Amendment.—The Committee divided:

Ayes, 6.	Noes, 9.
Sir Harcourt Johnstone.	Viscount Crichton.
Mr. Bruce.	Mr. James Corry.
Lord Claud Hamilton.	Earl Percy.
Mr. Knatchbull-Hugessen.	Mr. Samuda.
Mr. Serjeant Spinks.	Mr. Arthur Peel.
Mr. Sullivan.	Mr. Macdonald.
	Mr. Ashley.
	Mr. Leighton.
	Mr. M'Lagan.

Proposed Amendment further amended.—Question, That the proposed paragraph, as amended, be inserted in the proposed Report.—The Committee divided:

Ayes, 6.	Noes, 9.
Sir Harcourt Johnstone.	Viscount Crichton.
Mr. Bruce.	Mr. James Corry.
Lord Claud Hamilton.	Earl Percy.
Mr. Knatchbull-Hugessen.	Mr. Samuda.
Mr. Serjeant Spinks.	Mr. Arthur Peel.
Mr. Sullivan.	Mr. Macdonald.
	Mr. Ashley.
	Mr. M'Lagan.
	Mr. Leighton.

[Adjourned till Friday next, at Eleven o'clock.

Friday, 23rd June 1876.

MEMBERS PRESENT:

Mr. RODWELL in the Chair.

Mr. Samuda.	Mr. Knatchbull-Hugessen.
Mr. Leighton.	Earl Percy.
Mr. Serjeant Spinks.	Mr. Bruce.
Mr. M'Lagan.	Mr. Arthur Peel.
Sir Harcourt Johnstone.	Mr. Sullivan.
Mr. Macdonald.	Mr. James Corry.
Mr. Ashley.	Lord Claud Hamilton.
Viscount Crichton	

Paragraph 14.—Amendment proposed, in line 1, to leave out the words "with some force"—(Earl *Percy*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 4.
Viscount Crichton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Macdonald.
Mr. Bruce.	Mr. Ashley.
Mr. Knatchbull-Hugessen.	Mr. Leighton.
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Sullivan.	
Mr. M'Lagan.	

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Another Amendment proposed, in lines 4 and 5, to leave out the words "and unequal as between one part of the community and another"—(Mr. *Ashley*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 6.	Noes, 6.
Viscount Crichton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Samuda.
Mr. Bruce.	Mr. Sullivan.
Mr. Knatchbull-Hugessen.	Mr. Macdonald.
Mr. Serjeant Spinks.	Mr. Ashley.
Mr. M'Lagan.	Mr. Leighton.

Whereupon the Chairman declared himself with the *Ayes*.

Another Amendment proposed, in line 6, to leave out the words "and if the public pay it the travelling public pay it instead of the general public"—(Mr. *Ashley*).—Question, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 4.
Viscount Crichton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Macdonald.
Mr. Bruce.	Mr. Ashley.
Mr. Knatchbull-Hugessen.	Mr. Leighton.
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Sullivan.	
Mr. M'Lagan.	

Another Amendment proposed, in line 7, after the words "general public," to insert the words: "Directly bearing upon this point is the question as to how far the House of Lords' decision of 1874 has affected the travelling public, and the equally pertinent and important consideration as to how far it may be concluded that the travelling public would be directly benefited by remission, in whole or part, of the duty. It is established by the evidence, that in consequence of the decision referred to, several railway companies forthwith raised their passenger fares; it is stated that other companies would have done so, but for the circumstance that they had not the power to adopt such a course; and that others, having the power to increase the fares, have not done so up to the present, in confident expectation that Parliament would intervene to modify the law thus laid down. To these three classes may be added a fourth, including lines on which since the decision of 1874 the fares have not been increased, because of peculiar and severe competition, rendering it a lesser evil to pay the additional tax than to attempt an increase of fares. It is also before us in evidence, that in the event of any modification of the tax an immediate reduction of fares would take place, in any event, on the lines which adopted the increase as above stated"—(Mr. *Sullivan*).—Question, That those words be there inserted.—The Committee divided:

Ayes, 9.	Noes, 4.
Sir Harcourt Johnstone.	Viscount Crichton.
Mr. Arthur Peel.	Earl Percy.
Mr. Bruce.	Mr. Macdonald.
Mr. Knatchbull-Hugessen.	Mr. Leighton.
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Sullivan.	
Mr. M'Lagan.	
Mr. Ashley.	

Another Amendment proposed, at the end of the last Amendment, to insert the words, "In the evidence reference has been made to the debates on the subject from 1832 downwards. At the time of its first imposition, great objection was taken to this tax, and in answer to Mr. Hume, Mr. Spring-Rice (9th August) said: 'If the honourable gentleman disputes the propriety of having any tax upon movement at all, I own I cannot answer his objection; but the question is, whether, having a tax upon one kind of movement, it is just to exempt a movement of another description from taxation? As we do lay a tax upon locomotion, it would be a manifest injustice if a coach and horses running upon a road were to be taxed, while a steam carriage, running on a railway parallel to that road, should not be taxed at all. Nor is it fair to the coach proprietors that they should have to contend against the heavy duty which is imposed upon them solely.' And the Chancellor of the Exchequer (Lord Althorp) said, that he 'perfectly concurred' with Mr. Hume, that 'the public would gain more by the repeal of the duty on coaches than by the imposition of a new tax upon railroads, but that, as the Government were not at present prepared to take the former step, it was but just that steam conveyance should be placed on something like an equal footing with conveyance by horse-coaches.' From the above quotations, it is evident to your Committee that this tax was primarily imposed on account of the existence of other taxes upon locomotion, in order to establish an equality between conflicting interests"—(Mr. *Knatchbull-Hugessen*).—Question, That those words be there inserted,—put, and *agreed to*.

Paragraph, as amended, *agreed to*.

Paragraph

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Paragraph 15.—Amendment proposed, in lines 1 and 2, to leave out the words, "and especially in and around the metropolis"—(Mr. *Arthur Peel*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 12.	Noes, 3.
Lord Claud Hamilton.	Earl Percy.
Viscount Crichton.	Mr. Arthur Peel.
Mr. James Corry.	Mr. Macdonald.
Sir Harcourt Johnstone.	
Mr. Bruce.	
Mr. Knatchbull-Hugessen.	
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Sullivan.	
Mr. M'Lagan.	
Mr. Ashley.	
Mr. Leighton.	

Another Amendment proposed, in line 2, to leave out the words, "very severe"—(Earl *Percy*).—Question put, That the words "very severe" stand part of the paragraph.—The Committee divided:

Ayes, 10.	Noes 5.
Lord Claud Hamilton.	Earl Percy.
Viscount Crichton.	Mr. Samuda.
Sir Harcourt Johnstone.	Mr. Arthur Peel.
Mr. Bruce.	Mr. Macdonald.
Mr. Knatchbull-Hugessen.	Mr. James Corry.
Mr. Serjeant Spinks.	
Mr. Sullivan.	
Mr. M'Lagan.	
Mr. Ashley.	
Mr. Leighton.	

Another Amendment proposed, in lines 10—13, to leave out the words, "Besides the above inequality the same railway company have to bear local charges for rates and taxes amounting to 2·46 per cent. upon their receipts, as against only ·30 per cent. borne by the omnibus company"—(Mr. *Leighton*).—Question, That the words proposed to be left out stand part of the paragraph.—Amendment, by leave, *withdrawn*.

Another Amendment proposed, in line 15, to leave out from the word "companies" to the end of the paragraph—(Mr. *Ashley*).—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 7.	Noes, 8.
Lord Claud Hamilton.	Viscount Crichton.
Sir Harcourt Johnstone.	Earl Percy.
Mr. Bruce.	Mr. Serjeant Spinks.
Mr. Knatchbull-Hugessen.	Mr. Samuda.
Mr. Arthur Peel.	Mr. Macdonald.
Mr. Sullivan.	Mr. Ashley.
Mr. M'Lagan.	Mr. Leighton.
	Mr. James Corry.

Paragraph, as amended, *agreed to*.

Paragraph 16.—Amendments made.—Question put, That this paragraph, as amended, stand part of the proposed Report.—The Committee divided:

Ayes, 12.	Noes, 3.
Lord Claud Hamilton.	Mr. Macdonald.
Viscount Crichton.	Mr. Ashley.
Earl Percy.	Mr. Leighton.
Sir Harcourt Johnstone.	
Mr. Bruce.	
Mr. Knatchbull-Hugessen.	
Mr. Serjeant Spinks.	
Mr. Samuda.	
Mr. Arthur Peel.	
Mr. Sullivan.	
Mr. M'Lagan.	
Mr. James Corry.	

Paragraph 17, *agreed to*.

A new paragraph inserted.

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Paragraph 18.—Amendment proposed, at the beginning of the paragraph, to leave out the words "On the whole, your Committee are of opinion that a strong case is made out whenever the state of the revenue will justify the Government in parting with the produce of this tax, for its entire repeal."—Question put, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 9.	Noes, 6.
Lord Claud Hamilton.	Viscount Crichton.
Sir Harcourt Johnstone.	Earl Percy.
Mr. Bruce.	Mr. Macdonald.
Mr. Knatchbull-Hugessen.	Mr. Ashley.
Mr. Serjeant Spinks.	Mr. James Corry.
Mr. Samuda.	Mr. Leighton.
Mr. Arthur Peel.	
Mr. Sullivan.	
Mr. M'Lagan.	

Another Amendment proposed, in line 3, after the word "repeal," to insert the words "the tax is impolitic, and would probably never have been imposed if there had not previously been a similar tax on other means of locomotion. It has tended, in connection with the 'Cheap Trains Act,' to retard the development of the railway system; has interfered with the proper arrangements of trains for the convenience of the public, and has prevented, in many instances, lower fares to the passenger. It should therefore be abolished as soon as the state of the revenue will justify the Government in parting with the produce of it, particularly on the ground that the reasons for which it was originally imposed has ceased to exist"—(Mr. *M'Lagan*).—Question proposed, That those words be there inserted.—Amendment, by leave, *withdrawn*.—Paragraph *agreed to*.

Paragraph 19, *disagreed to*.

Paragraph 20.—An Amendment made.—Another Amendment proposed, in line 2 of Sub-section 3, after the word "substituted," to insert the words "That the exemption from duty on 'cheap trains,' together with the corresponding obligation to provide them, be at once abolished, and that the present tax of 5 per cent. be reduced to such a percentage on the gross passenger receipts as would approximately bring into the public exchequer a sum equal to that which is now received from this source. It would appear from the evidence given before them that 3 per cent. on the gross passenger receipts would represent such a sum; but as this operation would work unequally in certain cases, raising the payment of some companies and reducing that of others, your Committee consider that any such readjustment of the burden should be accompanied by a proviso that for a certain number of years no company should be called upon to pay a greater annual sum than its average for the three years next preceding the year in which the change may be made"—(Mr. *Ashley*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 5.	Noes, 9.
Viscount Crichton.	Lord Claud Hamilton.
Earl Percy.	Sir Harcourt Johnstone.
Mr. James Corry.	Mr. Bruce.
Mr. Ashley.	Mr. Knatchbull-Hugessen.
Mr. Leighton.	Mr. Serjeant Spinks.
	Mr. Samuda.
	Mr. Arthur Peel.
	Mr. Sullivan.
	Mr. M'Lagan.

Other Amendments made.—Another Amendment proposed, at the end of Sub-section 3, to add the words, "that in levying the duty in respect of return tickets, of whatever class, and by whatever trains the holders may be carried, one-half of the amounts be treated as the fare in one direction, and the other half as the fare for the return journey; that in levying the duty in respect of season tickets of whatever class, or whether the holders have been carried by express or stopping trains, the fare for each journey shall be reckoned by dividing the cost of the ticket by double the number of week days in the period during which the ticket is available"—(Mr. *M'Lagan*).—Question, That those words be there added,—put, and *agreed to*.

Another Amendment proposed, after the last Amendment, to insert the following Sub-section: "That in urban and suburban districts all fares of all classes up to and including sixpence, and all return fares based upon the fare for the single journey, be exempted"—(Mr. *Macdonald*).—Question proposed, That those words be there inserted.—Amendment proposed to the proposed Amendment, to leave out "sixpence," and to insert "ninepence" instead thereof—(Mr. *Knatchbull-Hugessen*).—Question, That "sixpence" stand part of the said proposed Amendment,—put, and *negatived*.—Question, That "ninepence" be inserted

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inserted instead thereof,—put, and *agreed to.*—Question put, That this Sub-section as amended, be inserted in the paragraph.—The Committee divided:

Ayes, 9.	Noes, 4.
Lord Claud Hamilton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Samuda.
Mr. Bruce.	Mr. Arthur Peel.
Mr. Knatchbull-Hugessen.	Mr. Leighton.
Mr. Serjeant Spinks.	
Mr. Sullivan.	
Mr. M'Lagan.	
Mr. Macdonald.	
Mr. Ashley.	

Another Amendment proposed, after the last Amendment, to insert the words: "That no exemption may hereafter be claimed in respect of engine hire, season, or contract tickets of any kind whatsoever"—(Mr. *Macdonald*).—Question proposed, That those words be there inserted.—Amendment, by leave, withdrawn.

Another Amendment proposed, after the last Amendment, to insert the words: "That the control of cheap trains for the protection of the public and the collection of the revenue be for the future vested in one department of the State, so that efficiency and economy may be combined, and that an Act be framed for that purpose"—(Mr. *Macdonald*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 2.	Noes, 11.
Sir Harcourt Johnstone.	Lord Claud Hamilton.
Mr. Macdonald.	Earl Percy.
	Mr. James Corry.
	Mr. Bruce.
	Mr. Knatchbull-Hugessen.
	Mr. Serjeant Spinks.
	Mr. Samuda.
	Mr. Arthur Peel.
	Mr. Sullivan.
	Mr. Ashley.
	Mr. Leighton.

Another Amendment proposed, after the last Amendment, to insert the words, "That in any future legislation care should be taken to keep in view the object that was aimed at by the legislative obligation to maintain ample communication between the several stations on each line"—(Mr. *Sullivan*).—Question, That those words be there instered,—put, and *agreed to.*

Further Amendments made.

Paragraph, as amended, *agreed to.*

The following new paragraphs were inserted in the proposed Report:

"Evidence was given from the War Office as to certain disadvantages under which the public service lay with respect to the rates charged by railway companies for the conveyance of troops and military stores, and it was suggested that in any reconsideration of the taxation of railways this question should be entertained"—(Earl *Percy*).

"Your Committee are of opinion that all questions relating to the conveyance of troops may properly be left to be arranged between the War Office and the railway companies"—(Mr. *Arthur Peel*).

Postponed paragraph 1, *disagreed to.*

Question, That this Report, as amended, be the Report of the Committee to the House,—put, and *agreed to.*

Motion made, and Question, "That the correspondence with the Board of Inland Revenue that had taken place in 1875 between the London, Chatham, and Dover Railway, and London and Brighton Railway, in respect to the basis on which the South Eastern was charged railway passenger duty other than they were, be laid before this Committee"—(Mr. *Macdonald*),—put, and *negatived.*

Ordered, To Report, together with the Minutes of Evidence, and an Appendix.

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MINUTES OF EVIDENCE.

Tuesday, 4th April 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. James Corry.
Viscount Crichton.
Lord Claud Hamilton.
Mr. Leighton.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Arthur Peel.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.
Mr. Sullivan.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. WILLIAM HENRY MELVILL, called in; and Examined.

Chairman.

1. You are Solicitor to the Inland Revenue Board, are you not?—I am.

2. How long have you been connected with the Inland Revenue?—I was appointed at the end of the year 1865, and I commenced my duties on the 15th of January 1866.

3. I believe that you are quite familiar with the Railway Passenger Tax?—I am necessarily familiar with it, for I have been identified with the question ever since the litigation commenced, and, in fact, ever since I have been at the Inland Revenue Department, for the subject which led to the litigation really came to the fore just at the time when I was appointed.

4. And that necessitated your looking, I presume, into the law, and into the Acts of Parliament, and at all the various phases through which this matter has gone?—Yes.

5. I believe that this question has been dealt with by various Chancellors of the Exchequer from time to time?—It has, and I am prepared shortly to show how Chancellors of the Exchequer from time to time proposed to deal with it. I will be as brief as I can upon that subject.

6. Probably the better way would be to deal with this question chronologically. Of course you can go back to the very commencement of the imposition of this tax upon railways. The tax was not put upon the railway companies *quà* railways, but upon railways as a means of locomotion, was it not?—I think, in its origin, you will find that it is so, or by relation, I may say, to the fact of the taxes upon locomotion.

7. That is to say, that at the time when railways were introduced and began to attract public attention, there was a law in force, was there not, which imposed a tax upon all conveyances?—Yes; upon all stage carriages.

Chairman—continued.

8. I believe that the first Statute on the subject was an Act of 2 & 3 Will. 4?—That is so; the Act of 1832.

9. That was in the infancy of railways?—It was. I am prepared to make an introductory statement before I approach that, which, I think, will perhaps answer the Committee's inquiries, if you will allow me to do so. In the year 1832, as the honourable Member has observed, the railway system was in its early infancy. It is true that in the year 1825 there had been a railway with a locomotive, the Stockton and Darlington Railway, as I dare say the Committee are aware; but there was an interval of five years before any other railway was worked with a locomotive, and that was the Liverpool and Manchester line, ever memorable and almost historical from the tragic death of Mr. Huskisson in September 1830. Still, in 1832 there were very few railways, and none with a terminus in London; there were only three or four even then commencing, and those were all provincial railways. There had, however, for a long time been railways in the nature of tramways. I need not, of course, explain to the Committee that a railway is nothing but rails laid upon a way. There had been railways in the nature of tramways, but those were worked by horse power, or by stationary engines with ropes.

10. And they were used for minerals and goods, were they not?—And for passengers too. I believe that there is one, the Oystermouth Railway, which is as old as the end of the last century, and which is still going on as before; but

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Mr. *Melvill.*

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Chairman—continued.

but railways with locomotive power were perfectly novel and in their infancy, and whether they would ever come into general use was still problematical in 1832.

11. Will you state what are the Acts of Parliament relating to the subject of the railway passenger duty?—They are 2 & 3 Will. 4, c. 120; 5 & 6 Vict. c. 79; 7 & 8 Vict. c. 85; 1 & 2 Vict. c. 75; and 26 & 27 Vict. c. 33. It would be almost impossible for the Committee to follow what I have to say unless they had the Acts before them; it is very technical, and I fear I may be a little dull; but the dullness is, I am afraid, inherent in the subject.

12. What was the title of 2 & 3 Will. 4, c. 120?—The title is important. It is called, "An Act to repeal the Duties under the Management of the Commissioners of Stamps on Stage Carriages and on Horses let for Hire in Great Britain, and to grant other Duties in lieu thereof; and also to consolidate and amend the Laws relating thereto." There is in the title, as you will observe, no mention of railways at all; the infant was not noticed.

13. What is the preamble of that Act?—The preamble is as follows: "Whereas it is expedient to repeal the duties under the management of the Commissioners of Stamps" (which was subsequently transferred to the Excise), "in respect of stage carriages and of horses let for hire in Great Britain, and to grant other duties in lieu thereof, and also to consolidate and amend the laws now in force relating to such stage carriages and horses as aforesaid respectively." That is the whole of the preamble. I will show you how railways came in. In the 5th section there is a definition of what is a stage carriage, and this is the definition: "That every carriage used or employed for the purpose of conveying passengers for hire to or from any place in Great Britain, and which when passing along any highway or other road shall travel at the rate of three miles or more in the hour" (it was afterwards extended to four miles), "shall without regard to the form or construction thereof, be deemed and taken to be a stage carriage within the meaning of this Act; provided the passengers, or any one or more of them, thereby conveyed, shall be charged or shall pay separate and distinct fares, or a separate and distinct fare, or shall be charged or pay at the rate of separate and distinct fares for their respective places or seats, or his place or seat therein or conveyance thereby; and in all proceedings at law or otherwise, and upon all occasions whatsoever, it shall be sufficient to describe any carriage used or employed as aforesaid by the term 'stage carriage,' without further or otherwise describing the same." If the definition had stopped there, as the Committee will observe, that would have included a railway carriage, because there is no allusion whatsoever there to the mode in which the carriage is drawn, or the road upon which the carriages run. But now comes this proviso: "Provided always that the said term 'stage carriage' shall not be deemed to extend to or to include any carriage used or employed as aforesaid wholly upon any railway." I will stop there for a moment. It might be supposed that there is no other allusion to railways in this Act; but there is a particular duty imposed upon railways in a subsequent section. The object of this was, of course, to take out of

Chairman—continued.

the definition of stage carriages that which was not made liable to the stage carriage duties, but which was made liable to a railway duty by the same Act of Parliament.

Mr. *Samuda.*

14. But what you have read to us at present excludes the railways, does it not?—It excludes them from the definition of stage carriages. This is not at all unimportant; and I think if you will allow me to go through the Act, I shall shortly explain the operation of it. It is not to apply, in the first place, to a carriage employed upon a railway, and then it is not to extend to any carriage drawn or impelled by the power of steam, or otherwise than by animal power. Therefore, the term stage carriage is not to apply to two things: first, it is not to apply to a stage carriage upon a railway, whatever that may mean; and then it is not to apply to any other stage carriage than that which is drawn along an ordinary road by animal power. Now you will see what is the meaning of the term railway. A railway means, in this Act of Parliament, and in all subsequent legislation, a proprietary railway, It does not mean a railroad laid along an ordinary highway; for instance, it does not include tramways, as we know them now. At first you do not, perhaps, quite follow that, because it says that it "shall not be deemed to extend to, or to include, any carriage used or employed as aforesaid, wholly upon any railway." It would seem by what I explained to the Committee before, that the term railroad embraces a tramway just as well as what we commonly call a railway; but it really only embraces a proprietary railway, as you will see afterwards; and then you come to this: "Nor to any carriage drawn or impelled by the power of steam, or otherwise than by animal power." The meaning of that is clear. The latter part of the exception applies to that which is done upon an ordinary highway, and the other part applies to a proprietary railway. You will see that that is so, when you come to the charging section upon railways; that is Section 50. I may mention that this Act, and especially so much of it as I am referring to, is repealed by the Act of the 32 & 33 Vict. c. 14, which was the Act which repealed what I may call the locomotive duties, other than the railway duties. But notwithstanding the repeal to which I have referred, it is so much mixed up with the subsequent legislation, that it is necessary to refer to it, and to keep these terms in mind; because, as the Committee is aware, in subsequent legislation other duties have been substituted for the duties before existing, and, therefore, that is in relation to the same subject-matter. Therefore, it is of course necessary to bear it in mind, though it has been repealed partially by a Revenue Act, and partially by the Statute Law revision.

Chairman.

15. To which sections of the Act do you wish to call the attention of the Committee?—I need not refer to the sections before Section 50, but you will see that the duties which were imposed in lieu of the pre-existing duties upon stage carriages are in Schedule (A.) of the Act. Now I come to Section 50, which says, "The proprietary or company of proprietors of every railway in Great Britain" (that led me to say, therefore, that the word "railway" means a proprietary of railway;

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Chairman—continued.

railway; you could not apply that to a tramway made upon a high road) "along which any passenger shall, after the 10th day of October 1832, be conveyed for hire in or upon any carriage drawn or impelled by the power of steam or otherwise;" therefore that embraces the two classes. It is immaterial whether, upon a railway, it was drawn by locomotive power or whether it was by horse-power. The two exceptions from Clause 5 are embodied together here, when you come to the proprietary railway. You must not read the words "by the power of steam, or otherwise than by animal power" as meaning a "railway" in the exception in Clause 5, for that applies only to the highway. There is a little confusion here, because of the similarity of the expression; but the meaning of it was that the proprietor of any railway, if the railway was used, whether by locomotive power, by atmospheric power, or by horse-power, was to account and pay duty under the 50th, 51st, and 52nd sections. The duty the Committee will find also in Schedule A., in the same schedule with the stage-carriage duties. The stage-carriage duties were these: There was an annual license of 5 *l.* for every carriage, and the term "stage carriage" meant that it was licensed for a particular stage; that is to say, to run over a certain number of miles; therefore, if it diverged from its route, or intended to diverge from its route, it had to get a supplementary license to allow that divergence.

16. It was only allowed to go from point to point?—Quite so; the supplementary license was charged 1 *s.*, and then when they went back again to their old route they had to pay another 1 *s.* Then, in addition to the license of 5 *l.* and the liability to supplementary license, there were the assessed taxes upon the coachman and guard, but of course they are not mentioned here; and there were what are called the mileage duties; there was a double duty, the license duty and the mileage duty. The mileage duty was a graduated scale of duty which you will find in Schedule A., which was according to the number of passengers that the stage carriage was licensed to carry. If there were not more than four passengers it was 1 *d.* per mile; more than four and not more than six passengers, 1½ *d.* per mile; more than six and not more than nine passengers, 2 *d.* per mile; more than nine and not more than 12, 2½ *d.* per mile; more than 12 and not more than 15, 3 *d.* per mile; and so on. The infant railway system was dealt with most tenderly. This is the charge: "The proprietor, or company of proprietors, of every railway in Great Britain along which any passengers shall be conveyed for hire in or upon carriages drawn or impelled by the power of steam or otherwise, shall pay for and in respect of all such passengers at and after the rate of one halfpenny per mile for every four passengers so conveyed."

17. That was the original arrangement?—That was the original charge. I say that railways were dealt with most tenderly. In the first place, whether the stage coach was fortunate enough to get passengers or not, they still had to pay, because they were charged according to the number that they were licensed to carry; whereas the railway was charged only according to the number that they actually did convey; and it was, as I shall presently show, in consequence of the particular form in which that charge was made, that the railway companies said: "We cannot manage

Chairman—continued.

to render you proper accounts of this," because before 1842 they had got return tickets, the latter half of which might or might not be used; they had a system of season tickets, and you could not tell how often a passenger travelled with them, and therefore it was almost impossible to render an account, and to give a correct statement which an accountant was obliged to make upon affidavit.

18. Was the Clearing House established at that period?—I conceive not; the Clearing House, I understand, was established 20 years afterwards.

19. Of course, it was a matter of difficulty, and also open to a considerable amount of imposition?—No doubt it was.

20. Will you state what was the amount of duty collected at that time in consequence of this Act?—At page 32 of the Appendix, volume 2, of the Report of the Commissioners of Inland Revenue of 1870, which is a general collection of the 12 antecedent Annual General Reports of the Commissioners to the House, I find that the duty commenced on the 10th of October 1832, as I have already stated. In 1832, the duty was 634 *l.* You will observe that that was for only a portion of a year. Taking the two next years, 1833 and 1834, in the first year it was 6,131 *l.*, and in the next was 6,852 *l.*, and it ran up to the year 1842, when it was in England 153,831 *l.* I thought it would be convenient to state that in its chronological order.

21. I believe that that amount attracted the attention of the Government?—It attracted the attention of the Government; and at this period it would, perhaps, be most convenient that I should read what Sir Robert Peel said in his great Income Tax Budget of the year 1842. It is contained in Hansard, volume 61, of the Third Series, page 462, and is in relation to the application of the surplus. I should state that the stage carriage duties had been slightly modified, but it is not necessary for me to say more than that they were altered by the 2 & 3 Vict. c. 66. It otherwise would not make my statement perfectly accurate, because Sir Robert Peel's remarks would not bear upon the right scale of duty. He said, "There is another and a different class of duties that I think unjust, and towards the removal of which I think a part of the surplus should be applied. In the first place I will call your attention to the duty upon stage coaches, and in dealing with this question you must consider the amount of competition which the proprietors of these coaches have to contend against, especially on those lines of road where railways have been established. To make that competition more difficult you subject them to unjust taxation. As I said before, I am unwilling to place any new tax on locomotion, but I am anxious to propose the remission of existing incumbrances. At present, railways pay to the State only one-eighth of a penny a mile for every passenger; and speaking of the present year, I do not propose any augumentation to this tax. I do not mean to say that these duties are too low; but when the duty on stage coaches is considered, I say stage coaches pay a great deal too much. The rate of mileage imposed on stage coaches, if licensed to carry not more than six persons, is one penny a mile" (then he goes through the scale, as by 2 & 3 Vict.): "if licensed to carry not more than 10 persons, 1½ *d.* a mile; if not more

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Mr. *Melvill.*

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Chairman—continued.

than 13, 2 *d.*; and if not more than 16, 3 *d.* Then, in addition to this, there is a license duty of 5 *s.*" (that is a mistake in Hansard for 5 *l.*), "besides the assessed taxes on coachmen and guards. On railroads no corresponding taxes are imposed. I shall propose that stage coaches be subjected to a uniform mileage of 1½ *d.*; that the license be reduced to 3 *s.*" (that should be three guineas), "and that the assessed taxes on coachmen and guards be taken off altogether. This proposition, if assented to by Parliament, will lead to a loss of revenue amounting to 61,000 *l.*; but it is a loss which, I feel persuaded, can be indicated on principles of strict and impartial justice." The great Budget scheme of Sir Robert Peel was carried out by separate Bills, as you are aware, the Income Tax Bill being separate, and there being also the Stage Carriage and Railway Bill, which became law as 5 & 6 Vict. c. 79. But in Committee on the Bill, I think on the 14th July 1842, you will find in vol. 65 of Hansard, page 166, that Sir Robert Peel alludes to the alteration which had been made in the railway duty, which was a relief to the companies in accounting. That bears out what I stated to the Committee before I left the preceding Act and the schedule. That was found to operate with great difficulty, both in charging the duty and in the accounting, because it was impossible to say how many passengers were actually conveyed; therefore the result was this Act, which is now in force as the Act under which the duty is charged, viz., 5 & 6 Vict. c. 79.

22. What are the principal enactments of that Act?—I need not read the preamble or the title, because at this time, as I need not inform the Committee, railways had begun to be felt, and, therefore, of course, they appear in the title, and they appear in the preamble. The 2nd section is this: "In lieu of the duties by this Act repealed there shall be raised, levied, and collected, and paid unto and for the use of Her Majesty's heirs and successors, in and throughout Great Britain, for and in respect of every license for keeping, using, or employing any stage carriage in Great Britain, and for and in respect of every stage carriage, and for and in respect of the passengers conveyed upon any railway, and also for and in respect of the several instruments, matters, and things mentioned and described in the Schedule to this Act annexed," duties which are set out in the Schedule. Then there is a provision made in a subsequent part for the accounting. I do not think I need trouble the Committee with those provisions as to the accounting. Railway companies had to give bond and the accountant had to swear to the accounts from time to time, and there was a right for the officers of the Government to inspect the books.

23. Was the amount still the same?—The duties are in the Schedule?—This Act, by Section 1, repeals the old duties; and Section 2 says; "In lieu of the duties by this Act repealed." That is why I told the Committee that it was important always to bear in mind the definitions in the prior Act, because these are substituted duties for those which were levied before. The Schedule of duties is this, and it is the only part of the Schednle now in existence: "For and in respect of all passengers conveyed for hire upon or along any railway, a duty at and after the rate of 5 *l.* for 100 *l.* upon all sums received or charged for the hire, fare, or conveyance of all such passengers. That is the charge of duty. I do not think that there is anything more in the Charging Act to which I need draw the attention of the Committee.

Chairman—continued.

24. What are the chief enactments relating to this subject in 7 & 8 Vict. c. 85?—7 & 8 Vict c. 85, is the all-important Act which is popularly known by the name of the Cheap Trains Act. It is well, before I approach this Act, to bear in mind what was the condition of railways in the year 1844, which is the date of this Act. I believe I am right in saying that the London and Birmingham Railway, which had but recently been wholly completed (I think the Kilsby tunnel was not completed until somewhere near that time), was then the longest railway, and this Cheap Trains Act dealt, as Parliament very often does deal, with things as they are. The title of the Act is, "An Act to attach certain Conditions to the Constructions of future railways authorised or to be authorised by any Act of the present or succeeding Sessions of Parliament, and for other Purposes in relation to Railways." Section 6 is as follows: "And whereas it is expedient to secure to the poorer class of travellers the means of travelling by railway at moderate fares, and in carriages in which they may be protected from the weather, be it enacted that on and after the several days hereinafter specified all passenger railway companies which shall have been incorporated by any Act of the present Session, or which shall be hereafter incorporated, or which by any Act of the present or any future Session have obtained, or shall obtain, directly or indirectly, any extension or amendment of the powers conferred upon them respectively by their previous Acts, or have been or shall be authorised to do any act unauthorised by the provisions of such previous Acts, shall, by means of one train at the least to travel along their railway from one end to the other of each trunk, branch, or junction line belonging to or leased by them so long as they shall continue to carry other passengers over such trunk, branch, or junction line once at the least each way on every week day, except Christmas Day and Good Friday (such exception not to extend to Scotland), provide for the conveyance of third-class passengers to and from the terminal and other ordinary passenger stations of the railway under the obligations contained in their several Acts of Parliament, and with the immunities applicable by law to carriers of passengers by railway and also under the following conditions." I would pause for a moment to show, in the first place, that it only applies to passenger railway companies coming to Parliament; so that if the Liverpool and Manchester Company had not been absorbed, as it has been by, I believe, the London and North Western Company, but had remained as originally constituted, it would have gone on paying 5 per cent. upon all its passenger receipts without any exemption whatsoever, and without the necessity of complying with an obligation which did not attach to it.

25. You say that it would have had no exemption, but that exemption was dependent upon their running those trains, was it not?—Entirely; it would not have been liable to the obligation.

26. The exemption arose from an obligation, did it not?—It followed upon an obligation.

27. Therefore you would be more correct, would you not, in stating that it would be relieved

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Chairman—continued.

relieved from the obligation, and consequently could not claim the exemption?—Quite so.

Mr. *Samuda.*

28. It is only that single line, but it affects every line that comes afterwards?—Yes; but this was in 1844, when, of course, there were a great number of railways. There were several railways at that time which might or might not come to Parliament for further powers. It is important to bear in mind that those which did not have the necessity of coming to Parliament at all were excluded; and also those which were formed before 1844, did not come to Parliament.

Chairman.

29. Do you read that obligation as in favour of the public, and as a duty imposed upon future railways?—No doubt it is an obligation upon the railways. And the Committee will observe that "the poorer class" of passengers which is referred to in the preamble of this section, is regarded clearly as synonymous with "third-class passengers" in the body of it; and you will notice also, before one approaches the conditions, that it must be a train running the whole way along "every trunk, branch, or junction line." That is the first condition in the body of the section. Then it must be an ordinary train running on every week-day; and the next condition is that it must be a train conveying the poorer or third-class passengers *ad libitum.*

Mr. *Samuda.*

30. Does it make those trains stop at every station?—Yes. The words are, "provide for the conveyance of third class passengers to and from the terminal and other ordinary passenger stations of the railway."

Chairman.

31. This has been the whole bone of contention, has it not?—This has been the subject of litigation, and I will explain exactly what has been the point in litigation. I will read the conditions: "Such train shall start at an hour to be from time to time fixed by the directors, subject to the approval of the Lords of the Committee of Privy Council for Trade and Plantations." The second is: "Such train shall travel at an average rate of speed not less than 12 miles an hour for the whole distance travelled on the railway, including stoppages." The third is: "Such train shall, if required, take up and set down passengers at every passenger station which it shall pass on the line." That is apparently at conflict with the body of the section. I will explain presently how that has been dealt with. Then the fourth condition is: "The carriages in which passengers shall be conveyed by such train shall be provided with seats, and shall be protected from the weather in a manner satisfactory to the Lords of the said Committee." The fifth condition is: "The fare or charge for each third-class passenger by such train shall not exceed 1 *d.* for each mile travelled." The sixth condition is: "Each passenger by such train shall be allowed to take with him half a hundredweight of luggage, not being merchandise, or other articles carried for hire or profit, without extra charge; and any excess of luggage shall be charged by weight, at a rate not exceeding the lowest rate of charge for passengers' luggage

Chairman—continued.

by other trains." Then the last one is: "Children under three years of age accompanying passengers by such train shall be taken without any charge, and children of three years and upwards, but under 12 years of age, at half the charge for an adult passenger." I need not read the latter part of that section, which does not contain any condition at all. The 7th section contains a penalty for non-compliance with the obligation upon the railways. Then there comes the 8th section: "Provided always, and be it enacted, that except as to the amount of fare or charge for each passenger by such cheap trains, which shall in no case exceed the rates hereinbefore in such case provided, the Lords of the said Committee shall have a discretionary power, upon the application of any railway company, of dispensing with any of the conditions hereinbefore required in regard to the conveyance of passengers by such cheap trains as aforesaid, in consideration of such other arrangements either in regard to speed, covering from the weather, seats, or other particulars, as to the Lords of the said Committee shall appear more beneficial and convenient for the passengers by such cheap trains under the circumstances of the case, and shall be sanctioned by them accordingly; and any railway company which shall conform to such other conditions as shall be so sanctioned by the Lords of the said Committee, shall not be liable to any penalty for not observing the conditions which shall have been so dispensed with by the Lords of the said Committee, in regard to the said cheap trains, and the passengers conveyed thereby." Then the 9th section is this: "That no tax shall be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding one penny for each mile by any such cheap train as aforesaid." The Committee will observe that, curiously enough, the poorer class of passengers, or third-class passengers, are not named in that; but it refers to all passengers.

Mr. *Samuda.*

32. You mean that any passengers paying 1 *d.* per mile are not to be charged at all?—If by a cheap train. The question of what is a cheap train, as the honourable Member knows, has been the subject of litigation; but if it was once ascertained that the train was a *bonâ fide* cheap train approved as to its hours of starting and arrival by the Board of Trade, then the receipts by that train from any passenger conveyed at a rate at or under 1 *d.* a mile were within the exemption. I rather think myself that that was not the intention of Parliament; but it is the language of the Act.

Chairman.

33. You mean, in short, that if a first-class passenger paid not more than 1 *d.* per mile, and the company recognised those conditions, the company would be released from that charge?—Yes, if it was by a cheap train.

Mr. *Arthur Peel.*

34. Was it in the power of the Board of Trade to dispense, as one of the conditions, with the stopping at all stations?—Certainly not.

Mr. *Samuda.*

35. I understood you to read just now that they had the power of doing everything except alter-

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Mr. *Melvill.*

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Mr. *Samuda*—continued.

ing the price?—In answer to the honourable Member's observation, I would say that before you come to the conditions at all you must read what I will call the body of Section 6, which is shortly this: That every railway company is by one train at the least travelling along the whole of their line once each way on every week day to provide for the conveyance of third-class passengers to and from the terminal and other ordinary passenger stations of the railway, subject to certain conditions.

Chairman.

36. One of those conditions is that the train shall, if required, take up and set down passengers at every passenger station which it shall pass on the line, is it not?—Yes; the House of Lords said that if the Board of Trade could dispense with the condition that they should stop the train at every station, Parliament would be stultifying itself; because the obligation is "once, at the least, each way on every week day to provide for the conveyance of third-class passengers to and from the terminal and other ordinary passenger stations of the railway;" and if the Board of Trade could dispense with the condition that they should stop the train at every station, it would be depriving the poorer class of passengers of the very right which Parliament had given them.

Mr. *Samuda.*

37. But any person coming to a station and wanting the train to stop could require to have it stopped, could he not?—Quite so.

38. But you could dispense with its stopping if you found that people did not come down to the station?—No doubt, but that would not be an ordinary station.

Chairman.

39. Supposing that there were 50 third-class passengers who wanted to go from A. to E., we will say, and that it suited their purpose that the trains should not stop at the stations B., C., and D., then the Board of Trade could not, as you read the law, dispense with the company stopping their trains at stations B., C., and D.?—Clearly not; and I will give you the reason why; because if they satisfy the obligation by running only one train, they deprive the intermediate stations of the accommodation.

Mr. *Samuda.*

40. Is it not equally clear that if no persons want to get out at a station you have the right to give them permission not to stop at that station?—I may say that two views have been taken by the two courts of the combined effect of the body of that condition to which the honourable Member specially refers. The Court of Exchequer took this view; they said, "There are certain very small stations, hardly, perhaps, to be called ordinary passenger stations" (and you will observe that the language is different; it is "every passenger station" in the condition, and it is "every ordinary passenger station" in the body of the section); "there, therefore, may be two classes of stations, viz., ordinary passenger stations, and what may be called extraordinary passenger stations; and as respects some of those extraordinary passenger stations at which they may stop by signal, and some of which are goods stations, but at which they may occasionally take up or set down a passenger, those are stations to which the dispensing power applies." The House of Lords said differently; they said, "We observe that one of those conditions is positive. It is, 'such trains shall;' and there is no power in the Board of Trade to dispense with any of those three first conditions, but only with the others."

Mr. *Samuda*—continued.

41. Then your argument as to what the House of Lords held is this, if I understand rightly, that they held that the condition precedent existed that you must stop at every station; but that having performed that obligation, any of the other special exemptions were only to apply to the special circumstances that you read having reference to weather, speed, and so forth?—That is exactly so, Their view was that it did not go outside that.

Chairman.

42. The railway companies, the Board of Inland Revenue, and the Board of Trade, all acted for some time upon the notion that they had that dispensing power, did they not?—Not so far as the Board of Inland Revenue was concerned; but I will touch upon that presently. It is a difficult matter quite to understand, and for me even to find out, because it was before my time.

43. This was to a certain extent penalising the railway companies, and they said, "You shall do it with one train at least"?—Quite so.

Mr. *Samuda.*

44. Then, if railway companies conceived that it was in their interest to run 20 trains, at the price of 1*d.* per mile, stopping at every station, according to the view which the House of Lords held, would all those 20 trains be exempt from duty?—All of them; that is to say, all the receipts from passengers conveyed at less than 1*d.* a mile. Of course, at this time, the obligation was exceedingly unpalatable to the railway companies; in fact, I am quite old enough to remember how they hated those Parliamentary trains, and it was with great difficulty that you could get anything but a third-class carriage put on to a cheap train. One had to make a great favour, and a great deal of interest with the railway companies to get them to accommodate their passengers.

Chairman.

45. Have you any remark to make upon 7 & 8 Vict. c. 85, ss. 9 and 10?—Section 9 is, "That no tax shall be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding 1*d.* for each mile, by any such cheap train as aforesaid." Now we come to Sunday trains. The 10th section is as follows: "That whenever any railway company, subject to the hereinbefore mentioned obligation of running cheap trains, shall, from and after the days hereinbefore specified on which the said obligation is to accrue, run any train or trains on Sundays for the conveyance of passengers, it shall, under the obligations contained in its Act or Acts of Parliament, and with the immunities applicable by law to carriers of passengers by railway, by such train each way on every Sunday as shall stop at the greatest number of stations, provide sufficient carriages for the conveyance of third-class passengers at the terminal and other stations at which such Sunday train may ordinarily stop; and the fare or charge for each third-class passenger by such train

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Chairman—continued.

train shall not exceed 1 *d.* for each mile travelled." You will observe that the obligation there is totally diffierent. It did not compel them to stop at every station, but it said, "by such train each way as shall stop at the greatest number of stations;" that is to say, we do not compel you to run any trains on Sundays, but by that train which stops at the greatest number of stations you shall convey third class passengers at a rate not exceeding a 1 *d.* a mile between all stations. There is no exemption from duty in favour of Sunday trains in this Act of Parliament. I will show you presently how this has been dealt with.

Mr. *Samuda.*

46. There is only the obligation there to carry the passengers without the advantage which the company gains in the week day?—Quite so; but I may, before I leave it, say, that the exemption has been claimed, nay, and has been allowed, in respect of all Sunday trains stopping at the greatest number of stations; so that if there were three or four, or 10 trains, all stopping at an equal number of stations, being the greatest number of stations, they would be allowed the exemption. Why that is, I have never been able to discover; but I will show you a little bit of legislation which may, perhaps, explain it.

47. Who is to determine whether the allowance shall be made, or otherwise?—The Board of Inland Revenue.

48. But you represent the Board of Inland Revenue; cannot you tell us under what circumstances that was allowed?—I can presently, I think, explain it to you. I am not here, of course, to defend, nor am I here to argue; I am here simply to give you the facts, so far as I have been able to discover them, but there is a mass of papers which finds its way into the vaults of Somerset House, and, of course, it is very difficult for me to discover anything; and my time has been so taken up with other duties, as you will imagine, yesterday being the day on which the Budget was brought forward, that I have hardly had time to look into the matter so as to give you such a statement as I should have liked. I read the 10th section in order to show that it is clear, and beyond controversy in this Act of Parliament, that the obligation was to run one train, at the least, each way on every week day, which should stop at every ordinary passenger station, that it should convey third-class passengers, that it should convey them at a rate not exceeding 1 *d.* per mile, and that such train should start at an hour approved by the Board of Trade. That is the substance of it. In respect of fares from passengers conveyed by such week-day cheap train, the exemption from duty was allowed. Then there was an obligation to convey third-class passengers at a cheap rate by a Sunday train, but that I have only referred to to pass it by until I come to other legislation.

Chairman.

49. Is there any other section of that Act to which you wish to refer?—The only other section to which I need refer the Committee is Section 25 of that Act, and that is rather important; it is a defining section: "Where the word 'railway' is used in this Act, it shall be construed to extend to railways constructed under

Chairman—continued.

Mr. *Melvill.*

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the powers of any Act of Parliament; and when the words 'passenger railway' are used in this Act" (which is the expression in Section 6, as you will remember), "they shall be construed to extend to railways constructed under the powers of any Act of Parliament upon which one-third or more of the gross annual revenue is derived from the conveyance of passengers by steam or other merhanical power." You will observe, therefore, that it excludes from the term "passenger railway" a railway which does not make one-third at least of its receipts out of passengers.

50. How many such railways are there?—I hold in my hand a statement which was made on 5th March 1874 by the accountant of railways, and which, I have no doubt, may be taken as perfectly correct. They are 15 in number, viz.: the Bodmin and Wadebridge, the Butterley, the Caermarthen and Port Talbot, the Festiniog, the Festiniog and Blaenan, the Hartley and Brampton, the Londonderry, Seaham and Sunderland, the Taff Vale (that is an important one), the Whitehaven, Cleator and Egremont, the Oystermouth (which is a horse railway, and which, I think, I named in dealing with the first Act; it is one of the oldest and I think dates from the end of the last century), the Ryde Pier (which is a tramway), the Southend, the Southport Pier, and the Wootton Tramway.

51. Is the Furness Railway in that list?—The Furness, I understand, comes under the operation of the Board of Trade.

52. Are those railways exempt under the third exemption?—They are not exempt; they fall under the Charging Act, but do not fall under the Cheap Trains Act.

53. Then they do not get the exemption?—They do not get the exemption, and they are not under the obligation. I have also a list of the railway companies claiming exemption from duty in respect of third-class traffic whose trains are in compliance with the provisions of the Cheap Trains Act.

54. Is there any power to those companies which are not under the Act to put themselves under the Act?—There is no power unless they go to Parliament for it.

55. That is to say, they have no powers, and the third-class passengers have no rights?—They have no rights; they are not considered as passenger railways.

56. Then no third-class passengers travelling or living upon those lines have the right to be carried at the low rate under the terms at which the ordinary railways must carry them?—That is so.

Mr. *Leighton.*

57. What is it that those railways which are exempt pay?—They pay a duty of 5 per cent. upon all their passenger receipts; but their passenger receipts of course, as the definition shows, form but a small proportion of their whole receipts.

Mr. *Macdonald.*

58. Are you aware whether they increase the rate of payment, so as to make up the 5 per cent. which they pay upon the passenger receipts?—I am not aware; some companies have Parliamentary power so to do; but I do not think that any of these companies have the power to charge the duty on to the fare.

59. Have

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Chairman.

59. Have you now exhausted the 7 & 8 Vict. c. 85?—I would just refer for one moment to Section 12 which I passed over; that also imposes a certain obligation upon railway companies; it follows Section 9, and it is irrespective of any exemption; they are obliged to convey military and police forces at certain charges, and the Treasury have exempted the railway companies from duty in respect of military men carried at certain rates; namely, officers at 2 *d.* a mile, and private soldiers at 1 *d.* a mile.

60. But that is part of the bargain, is it not?—Not that I am aware of; it is all done by Treasury order, and not by law; it is by law that they are to carry military and police forces at certain charges; but in consequence of carrying them at those charges which are defined by the statute, upon the representation of the railway companies, the Treasury have exempted them from duty in respect of the officers and soldiers carried at those rates.

61. Under what power is it that they make that remission?—I should like you to ask the Treasury, and obtain an answer; I have never been able to discover it yet, but that is the fact; I believe the Treasury consider themselves omnipotent in these matters.

62. Do you wish to make any remark as to the effect of the Cheap Trains Act upon the duty?—It is rather important to refer again to page 32 of the Appendix to the Report of the Commissioners of 1870, to which I have already referred. I may mentiou first the effect of Sir Robert Peel's Act of 1842, which was of very peculiar effect as regards the substitution of the 5 per cent. in lieu of the one-eighth of a 1 *d.* per passenger. The effect of that was very remarkable, as between England and Scotland; you are aware, of course, that the railway duty does not extend to Ireland. In 1842 the duty was 153,831 *l.* in England, and 15,126 *l.* in Scotland; in 1843 it was 149,370 *l.* in England (it was reduced in consequence of the 5 per cent.), and it was only 8,906 *l.* in Scotland.

63. How do you account for that?—I was thinking whether it was that the Scotchmen made more honest returns with respect to the number of passengers who were carried; but it is very difficult to give a reason.

Mr. *Samuda.*

64. The 5 per cent. is upon the gross passenger receipts, is it not?—It is upon the gross passenger receipts; and so would the previous tax have been, if honestly done, of course. Then I find that in 1844 the duty was 167,854 *l.* in England, and 9,749 *l.* in Scotland. In 1845 it was 180,457 *l.* in England (having increased notwithstanding the Cheap Trains Act), and it was 9,738 in Scotland; a loss of 10 *l.* in Scotland, but an increase of 13,000 *l.* in England. In 1846 it was 201,286 *l.* in England, an increase of 20,000 *l.*, and so on.

65. That would greatly arise from the increased mileage that was being run, would it not?—No doubt; and of course 1847 and 1848, as I need not say, were sufficient to account for any increment. In England, as the Committee is aware, the obligation was for some years strictly an obligation; they gave, or offered to give, the pound of flesh, and nothing more; and I do not doubt that in the early times the Board of Trade saw that the obligation was properly performed; but, as the Committee are aware, there might be, perhaps, one or two gentlemen, or possibly only one gentleman, who attended to the railway business of the Board of Trade; and considering the enormous magnitude of these railways that came on, I daresay the department was not properly strengthened to meet the great increase of business; and the consequence was, no doubt, that when it had ceased to be an obligation, and when the third-class traffic had become the great paying passenger traffic of the railways, there was greater remissness, I will say, at the Board of Inland Revenue as well as at the Board of Trade, with respect to the working of these Acts of Parliament. The fact of the matter was that when the obligation ceased, according to an old legal maxim, *cessante ratione legis, cessat ipsa lex,* one would have been inclined to think that the exemption should go; however, the railway companies read it in another way. My construction would have suggested repeal. The construction of the railway companies was this: "*Cessante ratione legis,* never mind the law;" and I think that I shall be able to show that that was also the maxim of the Board of Trade. I say that for some years it was strictly an obligation; and I daresay that for those years it was also strictly looked into by the Board of Trade to see that the one train at least was run.

Mr. *Samuda*—continued.

66. There has never been a doubt, I suppose, but that the one train has always been run?—I do not mean to imply any doubt on that head; what I said was that it was strictly an obligation to run one train, and no doubt the Board of Trade saw that that one train was run, and that it conformed to the Act of Parliament; but that when the obligation ceased, when it was no longer an obligation, there came in a little laxity.

Chairman.

67. In point of fact, the object of the Board of Trade was to see *in favorem* of the public that those cheap trains were run?—Yes, and started at the proper time.

68. And there, so to speak, their supervision ceased?—Yes.

69. Now you are coming to a state of things which arose upon that; that is to say, that the third-class passengers were the paying part of the traffic, and what had been an obligation, became, so to speak, an inducement?—That is exactly so; it had ceased to be an obligation; they found it the most paying thing; and they, therefore, said "the more exemption we can get the better," and it was, perhaps, not at all unnatural. They flooded the Board of Trade with all sorts of trains on which they claimed exemption; what sort of trains they were I will read from the Board of Trade Report upon the subject. This is the report of Captain Galton to the Board of Trade, for the year 1855, and it is a Parliamentary Paper: "Cheap Trains. It will be perceived from the Tables of Traffic, in Appendix No. 7, Table No. 3, that the number of third-class passengers in the United Kingdom amounts to nearly 64,000,000, being 54 per cent. of the total number conveyed; and that the receipts from this class exceed the receipts from first-class passengers, and nearly equal those from second-class passengers in England and Ireland" (why Ireland is referred to it is difficult to see, because it

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Chairman—continued.

it had nothing to do with the duty), "and that in Scotland the receipts from third-class passengers are 50 per cent. of the total receipts, and the numbers conveyed 72 per cent. of the whole passenger traffic. The average fare per third-class passenger per mile, in the United Kingdom, would appear to be ·85 *d.* Of this traffic, the principal portion in England and Scotland is exempt from passenger duty, in consequence of being conveyed in trains approved of by your Lordships" (this is the reason) "under the Act 7 & 8 Vict. c. 85. Of this class of trains, a large number are excursion trains." Now I will pause there for one moment. Whatever is the meaning of that? Why, the obligation was to run a cheap train every day in the week; and these are the receipts from the trains "to Brighton and back for half-a-crown," which the railway companies ran entirely for their own benefit; not for the benefit of anybody but the pleasure seekers, not for the poorer class at all, and without stopping at all, but going straight from London to Brighton. The Report proceeds thus: "Your Lordships approved of nearly 19,000 excursion trains" (one is really hardly capable of dealing with this seriously) "exclusive of ordinary cheap trains during the year 1855; and this does not probably represent anything like the whole number run. The majority of these trains were run from London, and from towns in the manufacturing districts. There are two questions with respect to cheap trains which have been raised during the year, the correspondence respecting which will be found in the Appendix." (I am sorry to say that I have not had time to look at the correspondence, but I will take this *resumé* of it.) "The first was a complaint that the North British Railway Company charged to cheap train passengers a penny for a fractional partof a mile. Your Lordships referred the case to the Law Officers of the Crown in England, and the Lord Advocate in Scotland, who coincided in opinion that the Act 7 & 8 Vict. c. 85 does not empower a company to charge more than a proportional part of a penny for a fractional part of a mile; and the company consequently reduced their charges in this respect. The other case had reference to a train run by one railway company over the line of another railway company, over which the company had running powers, at fares under 1 *d.* per mile. It appeared to your Lordships that the Act 7 & 8 Vict. c. 85 did not apply to a case of this nature, and that a company running trains over the line of another company could not be required to run a cheap train on that line; and that, consequently, your Lordships could not give any approval of such a train with a view to the remission of the passenger duty. From the large number of cases in which the Legislature has conceded to railway companies the right of using a portion of railway belonging to another company to conduct its traffic to an important station, it is a question whether it would not be desirable that some additional provision should be made in this respect."

70. Was the view which Captain Galton expressed with regard to exemption in his report of 1855 adopted by the Board of Trade, and by the Board of Inland Revenue?—I think it was not dealt with.

Mr. *Samuda.*

71. Captain Galton having drawn attention to

Mr. *Samuda*—continued.

the fact that the Board of Trade were authorising some 19,000 excursion trains, did they take any action in consequence?—Not the slightest; they thought they were doing quite right; they were in a paradise.

Chairman.

72. They acquiesced in that view?—Yes; of course Captain Galton was the Board of Trade in railway matters, as I need not say.

Mr. *Samuda.*

73. But he did not seem to approve of it?—There is no objection whatever stated by Captain Galton; he merely states it as a fact, as an account of what was done in his department.

74. I thought it was rather a remonstrance; but perhaps that arose from your emphatic way of reading it?—I am afraid I did not read it quite properly.

Lord *Claud Hamilton.*

75. It was objectionable in your view, as representing the Board of Inland Revenue, but not in Captain Galton's?—I do not say that it was objectionable in my view, because I disclaim any feeling at all in the matter, though of course I have been identified with one side of the question; it was probably the emphasis which I threw upon it which induced the honourable Member to suppose that it was a remonstrance.

Chairman.

76. However, we have the fact that, at all events up to 1857, no notice was taken of his observation, and his views were acquiesced in?—Exactly so.

Mr. *Leighton.*

77. Did the excursion trains stop at all the stations?—No, they did not stop at all.

Chairman.

78. In point of fact, according to the present lights, that was a direct contravention of the law, was it not?—It was a direct contravention of the law; I shall have the opportunity presently of drawing your attention to an objectionable piece of legislation upon this subject, for which the Inland Revenue were partially, if not wholly, responsible. The matter of the tax is dealt with by Captain Galton very cursorily at page 30 of his Report of 1857, where he says: "The railway shareholders presented a memorial to your Lordships last year praying for a consideration of their grievances. These grievances they recapitulated as follows." There are five of them, but the third is the only one of any importance so far as this question is concerned, and that is "the infliction of the passenger tax," and it is dealt with by Captain Galton in a very few words: "With respect to the passenger tax it is noninally 5 per cent. on the gross receipts from passengers, but third-class passengers carried at fares not exceeding 1 *d.* per mile are exempt; and it would appear from a Return to Parliament to amount to about 3·24 per cent. on the total net receipts, or 2·22 per cent. on the ordinary share capital, and to ·16 per cent. on the total share capital."

79. Does he refer to it again?—I cannot find it mentioned again.

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Mr. *Melvill.*

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Mr. *Samuda.*

80. He gives you the per-centage of avoidance that it comes to as being about 3 per cent., does he not?—That is it.

Chairman.

81. What was the next legislation on this subject?—The next piece of legislation, which can be very shortly dealt with, is what, I believe is commonly known by the name of the "Abolition of Farthings Act." You observe that Captain Galton, in the First Report of 1855, drew attention to a question which had been raised as to a charge for the fractional part of a mile, and there is nothing said in the Cheap Trains Act about fractional parts of a mile.

82. He merely says that some railway companies had claimed a right to charge a whole penny for the fractional part of a mile?—That is so. It was a Scotch railway that it arose upon, and therefore the Lord Advocate was combined with the two English law officers, and they gave an opinion that the railway company had no right, consistently with the Cheap Trains Act, to charge so large a sum as 1*d.* for a portion of a mile.

Lord *Claud Hamilton.*

83. Did the company discontinue the practice?—The company discontiuued the practice.

Mr. *Samuda.*

84. I thought that it was expressed in the Cheap Trains Act that there was no power of charging a penny unless you had gone a mile?—The language is this: "The fare or charge for each third-class passenger by such train shall not exceed 1*d.* for each mile travelled." It is not at the rate of 1*d.* per mile. Nothing was said about a portion of a mile, and therefore, no doubt, this pressed hardly upon the railway companies, if they were obliged to run two whole miles before they could get 2*d.* by the Cheap Trains Act; and that, I have no doubt, was the tendency of the law officers opinion, because it said: "The provision is that you shall only charge 1*d.* for each mile travelled."

Chairman.

85. The fact is that upon the strict interpretation they could not recover for anything but a mile?—They could not.

Mr. *Samuda.*

86. I should have thought that they could have charged 1½*d.* for a mile-and-a-half, but that they could not charge 2*d.* for a mile-and-a-half?—I understand that, prior to this Act, they did, as a matter of fact, charge farthings for a quarter of a mile upon a reasonable interpretation of the Act.

Mr. *Macdonald.*

87. Has there been any legislation of the character to which you refer which gave power to charge for a fraction of a mile?—Yes; I am now coming to that.

Chairman.

88. That is 21 & 22 Vict. c. 75, is it not?—It is. It is a very short Act; it is called "An Act to amend the Law relating to Cheap Trains," and for another purpose with regard to canals, to which I need not refer. The preamble will probably give what was supposed to be the effect of the Cheap Trains Act, "Whereas by the Act passed in the Session of Parliament held in the seventh and eighth years of the reign of Her present Majesty, chapter 85, section 6, it is enacted, amongst other things, with respect to the cheap trains thereby required to be provided in certain cases, that the fare or charge for each third class passenger by any such train shall not exceed one penny for each mile travelled; and whereas it is expedient to amend the said Act in manner hereinafter mentioned." Here is the amendment, "When the distance travelled by any third class passenger by any train run in compliance with the provisions relating to cheap trains contained in the said Act of the seventh and eighth of Victoria, chapter 85, is a portion of a mile and does not amount to one mile, the fare for such portion of a mile may be one penny" (therefore if a man takes a ticket at station A, distant a quarter-of-a-mile from station B, and he is going to station B, he pays a penny for the first start, that is to say, they have a right to charge a penny); "Or when such distance amounts to one mile or two or more miles, and a portion of another mile, the fare or charge for such portion of a mile, if the same amounts to or exceeds one half-mile may be one halfpenny: Provided always, that for children of three years and upwards, but under twelve years of age, the fare or charge shall not exceed half the charge for an adult passenger." The passenger must pay a penny the first mile, but supposing that he goes to station C. at a distance of a mile-and-a-quarter, they can still only charge one penny until they get to a mile-and-a-half.

Chairman—continued.

89. It seems that for any fraction of the first mile they may charge one penny, but that for any fraction short of half-a-mile after the first mile they may charge nothing?—That is so.

Mr. *Samuda.*

90. And after that they get to a farthing, do they?—No, this was the Abolition of Farthings Act. I do not know whether there was any unity of action among the railway companies, but some railway companies did, upon what I conceive was a reasonable interpretation of the Cheap Trains Act, charge a farthing for every quarter of a mile. Farthings were very difficult to obtain, and I believe that it was very difficult to get change; and that led to this enactment. I may mention that this was a tentative Act; it was for a year; but it has been made perpetual by an Act of the 23 & 24 Vict., two Sessions afterwards, in 1860.

Chairman.

91. So things went on, I think, until the year 1860; in 1860, Mr. Gladstone said something about this tax in his Financial Statement, did he not?—In 1863, I think; or at least I am not aware that anything was said about it until 1863. In 1863 Mr. Gladstone, in his Financial Statement, drew attention to the taxes upon locomotion and the railway duty. This is in Volume 170 of the 3rd Series of Hansard, page 224 b: "The House is aware that railways are supposed to pay 5 per cent. upon their passenger receipts. But in 1842" (that clearly should be 1844), "a sort of compact was made between the Government and the railway companies, and it was ratified by the legislation of this House, under which the railway companies undertook the obligation to run a certain number of trains at fares

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Chairman—continued.

fares not exceeding 1 *d.* per mile, upon the condition of the exemption of those trains from taxation. It may be said that this was a covenant then made between them and the Government, and that if the exemption be discontinued, they are released from the obligation of running the trains. That is so as far as regards the trains contemplated by the Act of 1844, but that Act did not contemplate the trains which I now have principally in view; and the plan we propose is more favourable to the railway companies than the compact or covenant of 1844. The question whether the legal obligation should be continued is not within my department" (of course meaning that it was not for the Chancellor of the Exchequer, but for the Board of Trade), "and is one upon which I am not prepared to give any strong opinion; but since that time" (that is since 1844) "an anomalous state of things has grown up. Although exemptions are, as a general rule, to be strongly condemned, the case of this exemption is peculiar; for at the time when it was granted, in 1844, it appeared that those of the poorer class who had occasion to travel, were actually losers by the introduction of railways, and Parliament, in order to apply a remedy to so great an evil, made a special arrangement for exempting trains of a peculiar class. But a system has grown up under the provisions of the Act, as they have been interpreted, which gives to the whole of what is termed excursion traffic an entire exemption from duty, while the regular passenger traffic is liable to a tax of 5 per cent. on the receipts. The Government submit most confidently to the House that that is an anamolous and injurious state of things. In the first place it is wrong, unless for special and strong reasons, to draw a distinction between one kind of traffic and another, and to give a premium to railway companies to cultivate one kind of traffic in preference to another. In the second place it is not only wrong, but absurd, to give that particular premium in the case of what we term excursion traffic. It, no doubt, is very useful and valuable in its way, but at the same time seems to be attended with considerable inconvenience and considerable danger. Far be it from me to say that Parliament should presume to discourage or repress excursion traffic; but we ought not to stimulate and force it by direct pecuniary encouragement at the expense of the general traffic of the country. The effect of this singularly anomalous arrangement is that while railways are supposed to pay 5 per cent. on their receipts, they only pay between 3 and 3½ per cent.; and in the case of some railways which deal only in a particular kind of traffic not much above 2 per cent.; and so far they may, perhaps, be thought to give a fair subject for complaint to competing interests. What we propose is this: to destroy the exemption altogether and to commute the payment of 5 per cent. with exemptions into a payment of 3½ per cent. without exemptions. The result will be nearly the same. It will be slightly in favour of the Treasury, but we shall establish a sound principle instead of an unsound principle, and an equal state of things between rival interests." I need not say that that was an unpalatable propostion to the railway companies. The railway companies refused entirely to pay 3½ per cent. without exemption; they preferred things as they were.

92. As far as I can gather from what you have read, the great distinction which Mr. Gladstone was drawing, was between excursion traffic and other traffic?—It is exactly with that view that I read to the Committee the observations of Captain Galton in 1855 and 1857, in order, as well as I possibly could, to lead the Committee up (without stopping to argue the question at all) to what I think was in the mind of Mr. Gladstone. No doubt Mr. Gladstone consulted with the Board of Trade as well as with the Board of Inland Revenue, though I knew nothing of the subject then.

93. There is nothing, is there, in Mr. Gladstone's speech upon that occasion which refers to any other matter which, in his judgment, ought not to be exempted, except the excursion traffic?—That is all; he says, as I understand it: "We do not seek to restrict the exemption to which they are entitled."

94. Assuming that he had read Captain Galton's Report, he then adopts Captain Galton's views, with the exception of excursion traffic, which, in his opinion, is an anomaly?—No doubt the argument which he used to induce the House, was the excursion traffic; but I think that it is only used as an argument.

95. He did not in any way go into the question of the rate of travelling, or the third-class passengers, but he simply drew the distinction between excursion traffic and other traffic, and then proposed to do away with all exemptions, and charge them all 3½ per cent; was that not so?—That was so; it was subsequently again brought before the House, and I think Mr. Brotherton, or somebody else, drew the attention of the House to it, and asked a question about it; and Mr. Gladstone said that he would advise with the railway companies about it. It was found that it would act very much more harshly than the preceding taxation had done upon several of the railway companies, and therefore it was dropped; but Mr. Gladstone, instead of doing what he did, should, I humbly think, have said distinctly to the House, "The Cheap Trains Act has been misunderstood, and has been misapplied, and this excursion traffic is clearly not within the purview of the Cheap Trains Act, or the exemption." He should, I venture to think, have said, "We intend for the future to have the Cheap Trains Act carried out strictly both by the Board of Trade and by the Revenue Department." Of course I say this humbly, for Mr. Gladstone evidently took another view; but with the multifarious duties which Mr. Gladstone had to perform, and considering all the difficulties of the subject with which he was dealing, it was very natural that he did not deal with it, as I, having one subject to deal with, now think that I should have done.

96. You say that you would have suggested that the Act should be strictly carried out; that would be with a view to assist the revenue, I presume?—By no means; I conceive that as long as a revenue exists under the 5 & 6 Vict. c. 79, the onus lies upon the railway companies of proving their right of exemption under the Cheap Trains Act.

97. But taking it as a question of public convenience as against the receipts of the Inland Revenue, would it, in your opinion, be more convenient that the Cheap Trains Act should be rigidly enforced, or that there should be a 3½ per cent. duty in the form which Mr. Gladstone proposed?—

Mr. Melvill.

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Mr. *Melvill.*

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Chairman—continued.

posed?—I should be all in favour of 3½ per cent., with no obligation and no exemption; and when I was consulted at a later period by Mr. Lowe, I proposed a more favourable mode of dealing with it, but I believe that was not palatable.

Mr. *Macdonald.*

98. I presume that you have not in your mind the question of the public or anything else just now, but the strict interpretation of what the Act was up to this period?—Quite so.

99. You would rather look at the obligation under which the railway companies were placed; and you said that this would be the course that you would pursue with a view of enforcing the obligation?—I should; because I consider that so long as a law exists, that law should be strictly enforced and carried out. If Parliament think proper to modify that law, of course that is for Parliament to do; but I said that Mr. Gladstone's assumptions in his Financial Statement in 1863, to which I have just referred, were not founded upon any Statute, but were founded upon the practice to which I have endeavoured to draw the attention of the Committee, by reading the Reports of Captain Galton to the Board of Trade.

Chairman.

100. Will you state what passed on this subject in Committee of Ways and Means in 1863?—You will find this in the same volume of Hansard, volume 170, from which I have just read, at page 2062: "In the Committee of Ways and Means, the Chancellor of the Exchequer rose to move to resolve 'that the exemption from duty granted by the 9th section of the Act passed in the seventh and eight years of Her Majesty's reign, chapter 85, in respect to the conveyance of passengers by cheap trains, shall not extend to any railway train which shall not be a train running on at least six days of the week' (that is the first thing), "or else a train running to or from a market town on a market day, and approved by the Lords of the Committee of Privy Council for Trade and Plantations, as a cheap train for the conveyance of passengers to or from market." I will stop there for one moment. The exemption never did extend to either of them; and it is as plain as it can possibly be to the mind of any man who reads the 6th section of the Act, that the exemption did not extend to any railway train which should not be a train running on at least six days of the week. It is as clear as possible that Section 6 says this: "You shall run a train every week-day"; I do not know the difference between "every week-day" and "six days of the week."

Mr. *Samuda.*

101. Therefore it brings it back exactly to what the original Act was; that is the intention of that resolution, is it not?—No. So far as I first read, it cuts away excursion trains.

102. And that was clearly the object of it, was it not?—But excursion trains never were in it.

103. But the practice had grown up, had it not?—Quite so. Now I will go a step further, "or else a train running to or from a market town on a market day."

104. Does that mean that that shall be exempt?—The intention is that that shall be exempt.

Mr. *Samuda*—continued.

105. That was adding that to what the Statute originally proposed?—Yes; but just observe the way in which it was done. When I come to the Act I will show you, if I may refer to the marginal note, that instead of "restricting the exemption" it is enlarging it.

Chairman.

106. Whatever may be the phraseology, the intention is perfectly clear?—The intention was clearly to put a stop to the exemption as to excursion trains.

Mr. *Macdonald.*

107. Which exemption never had existed?—It had never existed. That is as clear as possible. It is quite clear what is meant.

108. To sum it up, it was simply this; that pleasure traffic was to pay and cheap business traffic was not to pay?—Clearly. What ought to have been done is this, I conceive: that it ought to have extended the exemption to market trains on a market day. It was a most extraordinary mode of doing it.

Mr. *Samuda.*

109. That did not become law, did it?—It did; and I have something to say about that, because there is an addition to it which is worse still. Mr. Gladstone said, "The resolution, as now worded, aimed at carrying out the intention which he announced when making the Financial Statement, to bring what were called 'excursion trains' within the scope of the duties levied upon the ordinary railway traffic" (all I have to say is that they were within it before). "The resolution had been altered" (I cannot find the old resolution; there was another resolution which had been introduced, and which evidently was not very palatable, because he says that it had been altered) "with respect to what was called 'low fare traffic,' which had originally been intended by Parliament to include only a limited class of traffic amounting, as was expected, to but one or two trains a day." He is evidently touching upon the Cheap Trains Act, but I cannot find out what this was.

110. Does that mean market trains?—I think it had reference to an antecedent resolution. Then Mr. Gladstone went on to say: "But gradually the 'low-fare traffic' had become an important branch of railway business. It would, however, he considered, create too great a disturbance, and would operate too unequally between various companies, if an attempt was made to bring all descriptions of traffic under the operation of one equal duty" (he is referring to his Financial Statement). "Whether the exemptions now existing were sound in principle might be a question to consider."

Chairman.

111. That is the excursions?—It is evidently more than that.

Mr. *Samuda.*

112. He alluded to them in a previous part did he not?—Yes; because he said it was "originally intended by Parliament to include only a limited class of traffic, amounting as was expected to but one or two trains a day;" then he goes on to say that the exemptions "had been extended

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Mr. *Samuda*—continued.

extended beyond the intention of Parliament and without its full cognisance" (of course he is alluding to the Board of Trade practice and to the Inland Revenue following it), "but he should hesitate to create so great a disturbance as would be involved in an endeavour to place all traffic upon the same footing. The phrase 'excursion train' could not be used in the resolution, and the best terms which could be devised had been adopted to specify the particular traffic to be affected by the resolution; that the exemption should not, in future, extend to trains which did not run on at least six days in the week, or trains running to or from market towns on market days. There was no intention to tax every part of the ordinary traffic which was not now subject to taxation, but only to tax what was known as excursion traffic. The grounds for abolishing the exemption from taxation which excursion traffic had hitherto enjoyed were, that it was on the main a pleasure traffic; and next, that although it had afforded advantages to the public, yet those advantages were not unmixed. There had been great loss of life and increased danger arising from those trains. There were no reasons for discouraging or prohibiting excursion trains, but that were no reasons why special exemption from taxation should be continued to them. Some doubts had been suggested whether the words of the resolution would apply to other trains, such as those employed in the transport of troops; and if any improved form of words could be proposed, he should be willing to consider them." That is the whole of what Mr. Gladstone says; a discussion then went on, but it does not seem to me to be at all important.

Mr. *Arthur Peel.*

113. What does Mr. Gladstone mean by that reference to the disturbance which would arise from putting all traffic upon the same footing, when he himself proposed 3½ per cent. all round? —That is when he has given it up, and I gather that he is alluding to what he understood, or had ascertained by communication with the railway companies, would be the effect of his original proposition.

Chairman.

114. Then after that things remained as they were, and nothing was done?—I now come to the Inland Revenue Act of 1863, which embodied as legislation that resolution. This is the last Act to which I shall have to refer you. It is 26 & 27 Vict. c. 33, s. 14: "The exemption from duty granted by the 9th section of the Act passed in the seventh and eighth years of Her Majesty's reign, chapter 85, in respect of the conveyance of passengers by cheap trains, shall not extend to any railway train which shall not be a train running on at least six days of the week, or else a train running to or from a market town on a market day, and approved of by the Lords of the Committee of Privy Council for Trade and Plantations as a cheap train for the conveyance of passengers to or from market." (Now here is some addition.) "Or a train approved by the said Lords of the Committee of Privy Council as an ordinary train of the railway travelling on Sunday, and conveying third-class passengers at fares not exceeding 1 *d.* per mile." No Sunday train ever had the exemption; that must have been added in the House, I conceive. Probably some gentleman with Sabbatarian zeal was very anxious that, at all events, there should be few Sunday trains which should get the exemption; but the effect of it has been to give the Sunday trains the exemption, or to perpetuate the exemption which they never ought to have had.

Chairman—continued.

Mr. *Samuda.*

115. That gives the Sunday trains the exemption, provided the Lords of the Council choose to exempt them, but not otherwise?—Yes; but the 10th section of the Cheap Trains Act provides that they shall convey passengers on Sundays by such train each way as shall stop at the greatest number of stations, at or under 1 *d.* a mile.

116. I do not think that that had anything to do with the approval of the Board of Trade?—You are quite right. The marginal note of 26 & 27 Vict. c. 33, s. 14, is as follows: "Restriction on exemption from duty on railway passengers granted by Section 9 of 7 & 8 Vict. c. 85."

117. The object of this Act is solely to restrict the exemption from duty, is it not?—That was the object, as declared in the marginal note, but that is not the effect.

118. What does the preamble say?—There is no preamble; it is the Duty Act.

119. What would be the effect of that Act as it stands?—I consider that this Act had no effect at all upon antecedent law, because the law still stands with respect to the cases in which there could be exemption granted; the object of it was to restrict that which was perfectly restricted *quoad* those trains; but the effect of it has been to give the exemption in the case of a market train, and it has been so read.

120. But there is no enacting power in that clause at all, is there?—There is no enacting power in the clause at all; therefore, as I say, it was restricting that which had grown up to be almost equivalent to law, but it was not restricting the law at all.

Chairman.

121. It shows what was the misconception in the public mind as to the intention of the Legislature at the time the original Act was passed, with respect to what should be the position of the railway companies in regard to this duty?—Yes; but as the honourable Member was saying, the charge of duty is clear, but where is the exemption? One cannot find it. It is clear that no Sunday train was ever entitled to the exemption at all, and therefore I say that the effect of the addition which has been made to this clause has been, colourably, to give an exemption to Sunday trains.

Mr. *Samuda.*

122. I cannot see that at all; it would have had that effect if there had been any doubt as to whether or not they possessed it before; but if there is no doubt about that, there is nothing that gives an exemption?—Just the same as it does to a market train; I think it is perfectly clear that a market train, that is to say, a train running only on a Saturday, perhaps once a month or once a fortnight, was not within the exemption.

123. It is quite clear that Mr. Gladstone intended

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Mr. *Melvill.*

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Mr. *Samuda*—continued.

tended to give the exemption?—Quite so; but you will observe also that it is based really upon this; that the practice had been for the Board of Trade to give approval, not only as respects week-day trains, but as repects Sunday trains also.

124. What was the practical effect of that?—Sunday trains were allowed exemption after this Act; before they had been allowed exemption just as if they had been week-day trains.

125. That information was given to Mr. Gladstone, and he accepted it as if it was Statute Law?—No doubt.

Mr. *Leighton.*

126. It did not affect Sunday trains, and the result was that Sunday trains remained just as they were before?—Quite so; and as the honourable Member has pointed out to me, although I thought this followed the law in that respect, no approval to a Sunday train was ever required; and therefore that addition had no basis of antecedent law.

Chairman.

127. The fact is that this attempted legislation was founded upon a misconception of the law?—That is so.

128. It is very important, I think, to know what that misconception of the law was, and who the parties were that misconceived it?—No doubt.

Mr. *Sullivan.*

129. It seems to have been assumed at a very early stage, that all penny-a-mile passengers came under the exemption whether by Sunday trains or not?—There is doubt about that.

130. I think after the Act of 1863, the railway companies, the Inland Revenue, and the Board of Trade discussed this subject pretty frequently, did they not?—They did after 1866; I do not see that much occurred before I went to the Inland Revenue, and then the discussion was not originated by me, but the discussion arose between the Board of Trade and the railway companies, and I will show you how it arose.

131. What did Mr. Gladstone say on this subject in 1866?—I find in volume 183 of Hansard, pages 383 and 384, that Mr. Gladstone having dealt with the taxes on locomotion as producing 1,600,000 *l.*, says: "There are three classes. The first produces 852,000 *l.* from taxes on horses, carriages, coachmen, grooms, &c.; the second produces 459,000 *l.* from railways; the third the residue from post horses and carriages and public conveyances." He only regards the third class, post horses, and carriages, and public conveyances, as a subject for consideration and revision; and he says this as to the railway duty: "The revenue derived from railways is, in my judgment, a revenue which Parliament would never think of surrendering, unless it were in connection with some comprehensive arrangement for securing benefits to the public."

132. I presume that there is nothing to lead us to suppose that at the time Mr. Gladstone made that statement he was under the impression that this was the state of the law; nothing had taken place since 1863?—I think not; or, at all events, I am aware of nothing.

Mr. *Sullivan*—continued.

133. What was the next step in the history of the matter?—Then, in the year 1866, the question of the railway duty was first brought to my notice. It was during that year, and, I think, the three or four succeeding years, the subject of constant communication between the Board of Trade and the Board of Inland Revenue. The question arose in 1866 out of correspondence between the Board of Trade and the North London Railway Company. The North London Railway Company had been obtaining remission of duty, so far as I can gather from correspondence which I have hardly had time to go through. The Board of Inland Revenue had been in the habit of following the Board of Trade with respect to what was a cheap train. If the Railway Department of the Board of Trade approved as a cheap train (I will show you presently the form in which that approval was given), of a train which they had satisfied their minds was entitled to such an approval, the Board of Inland Revenue did not look very critically into the matter, but they said, "Oh, you are entitled to the exemption." It was not at all an unnatural thing; and their attention was not, I think, very carefully drawn to the question until the year to which I am referring. The North London Railway Company had been obtaining remission of duty generally for all their trains upon the basis of an approval which had been given as long back as the year 1856. They had been in the habit of communicating to the Board of Trade, and saying, "Same arrangements as before;" or, "No particular alteration affecting the question;" and therefore their old approval continued. That was the sort of thing that went on for 10 years, as I will show you by a case prepared by the Board of Trade for the opinion of the law officers. That approval seems to have been confirmed periodically. The course pursued is thus stated in the case which the Board of Trade submitted for the opinion of the law officers, who were, I think, Sir Roundell Palmer and Sir Robert Collier. After having set out the law in the case, the Board of Trade statement runs thus: "In general a railway company obtains from the Inland Revenue Department remission of duty in respect of the receipts of the company from the conveyance of passengers at fares not exceeding 1 *d.* for each mile by every train as to which the Board of Trade signify their approval to the Commissioners of Inland Revenue. The Board of Trade do not signify their approval of a train unless they are of opinion that the railway company will be entitled to remission of duty in respect of some of their receipts from the conveyance of passengers by such train. Railway companies sometimes submit for the approval of the Board of Trade, in addition to a train fulfilling all the conditions prescribed by the 6th section of the Act 7 & 8 Vict. c. 85, one or more other daily trains which fulfil all those conditions except the taking up and setting down passengers at every station on the line. If the latter class of trains take up and set down cheap-fare passengers at every station at which they take up and set down other passengers, the Board of Trade have been in the practice of approving such trains for mission of duty." Here I stop for one moment, and say this: Supposing that, in pursuance of the obligation, there was one train only run each way by a company under the Cheap Trains Act, certain stations would be stations at which

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Mr. *Sullivan*—continued.

which third-class passengers would not be taken up or set down according to that ruling.

Mr. *Samuda.*

134. I do not quite follow that, because I look upon that as being supplemental beyond the one train?—The same reasoning would apply to one train as to 50, because the obligation is only to run one train.

135. You will find that the latter class of trains are additional trains?—Quite so; in addition to the one train fulfilling the condition.

136. Therefore you can never prevent the one train being run in accordance with the Parliamentary arrangement according to their view?—Perfectly so; but of course, the answer of the law officers was, that the exemption of duty only applied to the one train. The case proceeds thus, "It has been considered that the Board of Trade may, under the 8th section of the Act 7 & 8 Vict. c. 85" (that is the dispensing section; you will see now the reason for their practice), "dispense with the condition of taking up and setting down at every station in consideration of the accommodation which the company voluntarily afford by such trains in excess of the requirements of the cheap train enactments. A passenger railway company incorporated since 1844" (this is the North London Company), "have a line in and near London, on which each station is at a distance of less than two miles from the next station on each side of it; the company submit for the approval of the Board of Trade, a time-table and table of fares for trains, in respect of which they intend to claim a remission of duty. The cheap train arrangements submitted for approval are of the following description."

Chairman.

137. Amongst them, is there one train which does stop during the day at every station?—There is, and that is class A., "one train, and no more, is run each way on every week-day and Sunday, which takes up and sets down passengers at every station on the line. By these trains passengers are conveyed at three different rates of fares, described in the company's published time books, as first class, second class, and third class respectively; and the fare or charge for each third class passenger does 'not exceed 1*d.* for each mile travelled,' as explained by 21 & 22 Vict. c. 75, s. 1" (that is the Farthing Act). "These trains fulfil all the conditions of the cheap train enactments, and will have the approval of the Board of Trade. B. Numerous other trains are run each way on every week-day and Sunday, which take up and set down passengers at every station on the line. By these trains, passengers are conveyed at two rates of fare only, described in the company's published time books as first and second class respectively. No fare by such trains is less than 2*d.*, even between stations which are less than one mile apart. The fares by these trains are 'omnibus fares,' they are not computed by mileage, but are uniform for various distances. For the most part between stations within four miles from each other, the second-class fares exceed, and between stations which are distant more than four miles from each other, they do not exceed, 1*d.* for each mile travelled. The company desire to have all these trains approved as 'cheap trains,' in order that they may apply for remission of duty under Section 9 of the

Chairman—continued.

Act 7 & 8 Vict. c. 85. on their receipts from the conveyance of all those passengers who are conveyed by them at second-class fares not exceeding 1*d.* for each mile travelled. The circumstance that by a train passengers are conveyed at two rates of fare only, is, perhaps, not to be considered as excluding receipts from the conveyance of passengers by such train from remission of duty. 'Third-class passengers' in Section 6 of the Act 7 & 8 Vict. c. 85, is perhaps only equivalent to, and not a strict limitation of, 'poorer class of travellers,' at the beginning of that clause; and 'third class' is not found in Section 9. If Section 9 be applicable only to receipts from passengers who pay the lowest of those rates of fare, there would also be a third class of carriages in all cheap trains, whereby the accommodation at present afforded in many lines of railway at low fares would probably become less liberal. If the trains last described can be regarded as 'cheap trains,' it would seem to be by dispensing with the condition that they shall take up and set down passengers at the prescribed fares at every passenger station." (The Board of Trade seemed to have seen the point clearly there.) "But having regard to the words in the 6th section of the Act 7 & 8 Vict. c. 85, 'the fare or charge for each third-class passenger by such train shall not exceed 1 *d.* for each mile travelled;' and to the exception from the dispensing power in the 8th section, of the condition 'as to the amount of fare or charge for each passenger by such cheap trains, which shall in no case exceed the rates hereinbefore in such case provided;' it seems to be a question whether a railway company can be entitled to remission of duty in respect of any of their receipts from the conveyance of passengers by a train, which does not convey passengers at fares not exceeding 1 *d.* for each mile, to and from all the stations at which it takes up and sets down passengers. C. The company issue for all their trains 'double journey tickets'" (what we call return tickets) "which entitle the passenger to travel from the one to the other of the two stations designated on the ticket, by any train in one direction, and to return from the latter to the former by any train in the other direction on the same day. 'Double-journey tickets' are not issued between all stations, nor between any two adjacent stations; but in the cases in which they are issued, the fares for the double journey do not exceed 1 *d.* for each mile travelled." I think that the Committee will understand the meaning of that. The meaning of it is this: that supposing there are two stations five miles apart, and the charge would be, say, 6 *d.* for the single journey, the charge for the return journey would be only 9 *d.*, and therefore, that would be 4½ *d.* each way if you divide it in half. That is the point which is touched on there.

Mr. *Samuda.*

138. It would be 10 miles travelled for 9 *d.*?—Quite so.

139. The meaning is that if you take the journey in the two directions, it comes within the scope of the Act, which requires it to be within 1 *d.* for every mile travelled?—Yes. Although, as a matter of fact, the person who paid for the single journey would pay 6 *d.*, and therefore the third-class passenger going only one way would pay more than 1 *d.*

140. That

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Mr. *Melvill.*

4 April 1876.

Mr. *Samuda*—continued.

140. That is not the case, is it, so far as the Inland Revenue is concerned, because the company have to pay upon the money which they have taken, and the money which they have taken is 9 *d.* for 10 miles?—I am speaking to the Committee by the light which the decisions of the courts have thrown upon it. What both the courts have held is this: that no exemption could be claimed in respect of the receipts from return tickets, except in the case of a return ticket based upon a single fare, which was at a rate less than 1 *d.* a mile.

Chairman.

141. That is to say that the charge made for a return ticket does not come within the purview of the Act, and that it must be based on the single fare?—That is what the courts have held.

Mr. *Samuda.*

142. Would not that be a single ticket over the entire journey out and home?—I think not; they call it a double-journey ticket.

Chairman.

143. That is to say, if a man take as ticket to go the 10 miles, and only pays 9 *d.* for that, being a return ticket, the company are liable to pay the duty, are they not, according to the present decision?—Quite so; I wanted to show the Committee what was the view of the Board of Trade at this time. It is not a question raised by the Inland Revenue, it was raised by the Board of Trade. The Board of Trade, themselves, saw that they had been acting somewhat laxly in this matter, and therefore, when the North London Company came to them to have their time-table approved, they looked a little into the question. There was a doubt started by some officer of the Board of Trade, and they took the opinion of the law officers. Both the courts have held that where the fare for the single journey as between two stations, is a fare in excess of 1 *d.* per mile, the fact of the double-journey ticket bringing the two journeys together within the 1 *d.* a mile is immaterial. The case goes on thus: "The company desire to have all their trains approved as 'cheap trains,' in order that they may apply for remission of duty on their receipts from 'double-journey tickets.' With regard to 'double journeys,' it may be observed that they will frequently not be performed 'at an average rate of speed of not less than 12 miles an hour for the whole distance travelled, including stoppages" (that is, out and home again; therefore the agreement here is that you cannot consider it as one journey out and home, including stoppages). "But the Board of Trade can dispense with the condition as to the rate of speed; and if the stoppages between the two journeys cause non-fulfilment of that condition, it is by the act of the passenger, not by default of the company. On the other hand, it seems to be doubtful whether a train in one direction, and another train in the opposite direction, especially if these trains are not 'cheap trains' separately, can together constitute a 'cheap train' within the 9th section of the Act, 7 & 8 Vict. c. 85" (it was clearly two trains), "and also whether the Board of Trade can, in consideration of the company carrying passengers at cheap fares from station A. to station B. and back, dispense with the conveyance of single-journey passengers by the same trains at cheap fares from Station A. to station B, and from Station B. to station A. The Board of Trade request the favour of the opinion of Her Majesty's Solicitor General" (this seems to have been the case submitted to the Solicitor General), "in consultation with the Attorney General on the following questions: 1. In the case of a railway company who by one train each way, comply with all the conditions of the cheap train enactments, if the Board of Trade signify their approval of the hours of starting of additional trains, such as are above described under the letter B., will such additional trains be 'cheap trains' within the 9th section" (that is the exempting section) "of the Act 7 & 8 Vict. c. 85? And will the company be entitled to remission of duty upon their receipts from the conveyance of all such passengers by those trains as are conveyed in one direction at fares exceeding 1 *d.* for each mile?" The answer to that I will read with it: "We are of opinion that the company are not entitled to exemption from taxation in respect to any of the trains described under the letter B., or of any of the passengers conveyed therein." Then Question 2 is this: "Can there be remission of duty under the 9th section of the Act 7 & 8 Vict. c. 85, on receipts from 'double-journey tickets'? *A.* When the tickets are used by the passengers in a train which is not a 'cheap train' for any passengers making a 'single journey' only (B). If 'double-journey' tickets are granted by the company between certain stations only, *e. g.*, between stations more than four miles apart, and the tickets are used by the passengers in trains which take and set down at all stations on the line, including those less than four miles apart?" This is the answer to that: "We are of opinion that the companies are not exempt from taxation on receipts from 'double-journey tickets' in either of the cases mentioned. The latter case appears to assume a fraud upon the company, which by proper measures they could easily prevent." That is the opinion of Sir Roundell Palmer and Sir Robert Collier.

Chairman.

144. That opinion has been confirmed, has it not, by the decisions of the courts?—Yes; you observe that there is a great deal that was not, perhaps, very fully gone into there. That was the effect of the approval and dispensing power of the Board of Trade, and that has raised a considerable amount of difficulty, and perhaps prolonged the litigation.

145. Practically the law as it stands now is as the law officers settled that it was, is it not?—Practically it is so; however, the solicitors of the North London Railway Company were not satisfied, and they took the opinion of Lord Cairns (then Sir Hugh Cairns), Mr. Bovill (as he was then), and Mr. J. H. Lloyd; their opinion I have not got, but it was in favour of the company's view.

146. Was it the same case that was submitted to the Law Officers of the Crown?—No, it was not; it was a different one. You are aware that counsels' opinion varies according to the case that is put before them. I wanted to show the Committee how the Inland Revenue were pressed into the litigation; we could not help ourselves. There seems to be a letter from the Board of Trade

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Chairman—continued

Trade in which they point out that fact, and it is as follows: "1st October, 1866. Sir,—With my letter to you after the 24th of May last, relative to cheap train arrangements of the North London Railway Company, there was sent by the direction of the Lords of the Committee of Privy Council for Trade, for the information of the Board of Inland Revenue, a copy of a case stated by this department for the opinion of the then Law Officers of the Crown (Sir R. Palmer and Sir R. P. Collier), and of their opinion thereon, and also a copy of a letter from the Board of Trade to the North London Railway Company, founded on that opinion."

147. Did you take another opinion from the law officers?—In July there was a change of Government, and there were new law officers, who were Sir Hugh Cairns and Sir William Bovill, who gave the opinion to which I formerly referred; and that is what made the matter a little more interesting than it would otherwise have been. The Board of Trade, in consequence of having had laid before them the case and the opinion of Sir Hugh Cairns, and Sir William Bovill, and Mr. Lloyd, thought it necessary to lay the opinion of the late law officers, as I will now call them, Sir Roundell Palmer and Sir Robert Collier, before the new law officers, Sir Hugh Cairns and Sir William Bovill.

148. What was the result of their opinion?—The result was that, notwithstanding the fact of the preceding law officers' opinion, they still thought the matter was a matter of doubt which ought to be determined by a court of law, and that it would be advisable for the Board of Trade to coincide, so as to give their approval in such a manner as would bring the whole subject best before the courts. I think I am stating sufficiently the substance of the opinion. I may say that there was a great deal of communication between the Board of Inland Revenue and the Board of Trade during the four years between 1866 and 1870. The great object, so far as I was concerned (and I was mixed up in most of it), was to avoid the litigation, and if possible to get such a form of approval given by the Board of Trade as would really apply to only the particular trains to which the exemption under the Act ought to have applied, and to go no further. But the fact was that they gave a general approval, and it was alleged that the general approval was an approval under their dispensing power under Section 8. As the Committee are aware, that dispensing power could only be exercised in consideration of some other benefit given; and therefore it was a special dispensing power, if I may say so; they had no power to dispense, unless they got a *quid pro quo*. Therefore what I always maintained was this: that this general approval given by the Board of Trade (a stamp being put on the time-table outside the book) was clearly no dispensing approval, so far as the approval given by the Board of Trade was concerned, whatever their power might be with respect to the stopping at every station. I have always advised (and both the courts have affirmed it, especially the House of Lords) that the Board of Trade have no such dispensing power; and that assuming that they had such a dispensing power, they should not have left it to the railway companies to say that that which was apparently the exercise of a general power was in fact the exercise of a dispensing power. At last the form of the approval was altered, and the form of the approval was this, so far as my recollection goes: The approval was general of the hours of arrival and departure without prejudice to any question as to the duty chargeable upon the receipts by that train. I have here the three forms. In 1870, the form was by a stamp being put upon the book.

Chairman—continued.

Mr. *Samuda.*

149. What does that stamp mean?—It means approved by the Board of Trade.

150. Does it apply to every train that is within the book?—Every train which the parties presenting it had marked within a red line, and then "approved" was put upon the stamp outside. Every train inserted in red is meant to be free from charges of duty; the approval gave them the right of claiming a remission, or at all events a colourable right, otherwise they would have had none at all; and we should have had the simple answer "not approved." I was about to read the forms of approval which were given in 1870, 1873, and 1874, just to show the different modes in which the approval of the Board of Trade had been given. It was upon my instance that this form of approval was given, because I said: "Do not let the question be prejudiced by giving too strong an approval." The form of approval in 1873 was this: "Sir,—I am directed by the Board of Trade to convey to you their approval of the hours of arrival and departure upon the Railway marked in red ink in the company's time-tables for , forwarded in triplicate to this office, one copy of which is returned herewith." In 1873, there was no "approved" stamp upon the back, but some gentleman in the Board of Trade wrote "received," to show that the time-table had been before them.

Chairman.

151. Were they different forms of the same thing?—There was no actual approval at all in 1873.

Mr. *Samuda.*

152. I suppose that after the time-tables were received, the trains that were pointed out in the book were remitted from duty?—Only so far as they stopped at every station; the hours of arrival and departure only were sanctioned.

153. Did that apply to more than one per day?—Yes; there is no restriction as to the number of Parliamentary trains. In fact, I may mention, *en passant*, that one railway, I think, the London, Tilbury, and Southend, is a railway most of whose trains stop at every station; and it has competition from Southend with the steam-boat. The effect of that is, that the first, second, and third class fares are all exempt from duty, because they are all under one penny. That is perfectly contrary to the intention of the Act of Parliament, in my humble judgment.

Chairman.

154. The effect of the trains stopping at every station must be rather inconvenient for people living on that line, I should think, who want to get up to London or home quickly?—There are some fast trains no doubt at certain hours of the day. Now, I will refer the Committee to Mr. Lowe's financial statement in 1870. His proposition,

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Mr. *Melvill.*

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Chairman—continued.

sition, as I dare say the Committee will remember, was to take 3 per cent.

Mr. *Macdonald.*

155. Mr. Gladstone's was to take 3½ per cent., and Mr. Lowe's was to take 3 per cent?—Yes; I am now going to read from Volume 200 of Hansard, page 1637. My impression is that it is very possible that if Mr. Lowe had proposed 2½ per cent., or 2 per cent., at that time, the railway companies would have accepted it, but that 3 per cent. the railway companies would not accept.

Chairman.

156. What was the revenue from railways in 1870?—It was 495,000 *l.*

157. What is it now?—It is 743,000 *l.*, because it has risen in consequence of the operation of the decision of the Court of Exchequer. Mr. Lowe said: "I now turn to the subject of railways, from which a considerable revenue, amounting to 495,000 *l.*, is derived; being a means of locomotion they have some right that their claims should be placed in some degree on a level with those other interests connected with locomotion, in whose case taxation was remitted last year." Of course that is referring to 32 & 33 Vict. c. 14, which repealed all the duties, except what I may call the sumptuary duties upon carriages and horses.

158. They are taken off now, are they not?—They are taken off horses, but not off carriages. Omnibuses pay two guineas to the Inland Revenue, and 2 *l.* towards the Police Fund. Then Mr. Lowe goes on: "I cannot consent that they should be entirely put on the same level, because they enjoy a certain qualified kind of monopoly." (This is the first time that the question of monopoly enters upon it.) "The tax levied upon railways is 5 per cent. on passengers; there being an exemption in favour of third-class passengers, who are conveyed in trains approved of by the Board of Trade, running once a day and stopping at every station. This is a duty which it is exceedingly difficult to collect. I find that the gross receipts from all the railways in England, for the year 1869, were a little more than 38,000,000 *l.* This was divided into 23,000,000 *l.* for goods, and 15,000,000 *l.* for passengers. Now it seems to me to be unjust, in taxing railways, to pick out a particular class of traffic. I do not see why a tax should be put on passengers, except to enforce the regulations of the Board of Trade, and I think it would be better to tax the traffic as a whole. We propose, therefore to abolish the 5 *l.* per cent. duty, and the exemption, leaving the Act to be enforced by the Board of Trade. The matter will require a good deal of consideration, for I regret to say there is also a litigation between the Inland Revenue Department and the railways as to their compliance with that Act. But the effect of taxing the whole gross traffic by railway, putting on 1 per cent., would be that I should receive, instead of 494,000 *l.*, as I do now, a revenue of 387,000 *l.*, being a remission of 107,000 *l.* This remission will, of course, act differently upon different railways, according as their principal traffic consists of passengers or of goods. The greater number of railways would be benefited. Taking the railways whose receipts annually exceed 1,000,000 *l.*, I find that the Great Eastern, the Great Western, the North Western, the South Eastern, and the London and Brighton would be among those which would be benefited, while the Caledonian, the Midland, and the North Eastern would lose something by the change. On the whole, I believe it would be a fair way of collecting the tax, and it is only just to do something towards remitting the taxation on railways, and placing them on a level with other locomotive interests." Then he is asked: "Will this change be immediate?" And he says: "Yes, I should think so. I still have a considerable portion of the surplus to deal with." Then he goes to other subjects; but I need not tell you that the change did not take place at all.

Chairman—continued.

159. He did not press it?—He did not press it, and the reason why he did not press it, I believe, was that there was a return called for from the railway companies which I hold in my hand, and that return showed that it would operate prejudicially to several railways, and therefore the matter dropped.

160. That is to say, the passenger lines would receive a benefit at the expense of the others?—Yes.

161. You said, did you not, that if the proposition made by Mr. Lowe had been 2 per cent., you thought it would have been accepted?—I think it would have been accepted.

Mr. *Samuda.*

162. You are speaking now of passengers only, are you not?—I mean 2 per cent. upon the whole receipts.

163. But I understood you to say, that his proposal was for 1 per cent. on the total receipts?—Yes; his proposition was 1 per cent. upon the total receipts, or 3 per cent. upon the passenger receipts. But in the case of the Taff Vale Railway, for instance, of which nearly all or six-sevenths of the receipts are derived from mineral traffic, it would have fallen very heavily.

Lord *Claud Hamilton.*

164. They pay nothing at all at present, do they?—Only 5 per cent. upon their passenger traffic, whatever it is.

Chairman.

165. You say that you have reason to believe that if 2 per cent. had been proposed to be levied upon passenger traffic, it would have been accepted by the railway companies?—That is my impression at this distance of time. I saw Mr. Lowe about it, and he thought that nothing below 3 per cent. could be imposed; because he said that he could not stand the loss of the duty, which would have been considerable.

166. At that time the strict law had not been carried out, had it?—The strict law had not been carried out at that time; in fact, I think it was not until two or three years afterwards that any railway companies came to terms with the Inland Revenue Department; I think that it was in 1872.

Mr. *Samuda.*

167. In 1875 there is a great jump; how do you account for that?—It was because the decision of the Court of Exchequer was in July 1874.

168. If Mr. Lowe had succeeded in carrying his 3 per cent. he would only have got 350,000 *l.* instead of his 500,000 *l.*; whereas, as the law is now

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Mr. *Samuda*—continued.

now carried out under the decision of the House of Lords, he would have got more than his 500,000 *l.*?—No doubt.

Chairman.

169. Could you insist upon arrears?—I have no doubt that we could have insisted upon arrears from the date of the claim, but I think not before 1866, or possibly a later date; from the moment we claimed distinctly, and where the court affirmed that we were right in claiming, then we could have claimed the arrears; but the Board of Inland Revenue never for a moment thought of opening our mouths so wide as that; in fact, when they did open their mouths, they shut them again very closely.

170. You made no claim for arrears then?—At first we did. The moment we claimed, they ought to have come in, and paid according to our claim, so said the two courts. For instance, the South Eastern Railway Company did this: Sir Edward Watkin came to me, I think, in 1871, on behalf of the South Eastern Company, the Manchester, Sheffield, and Lincolnshire Company, and the Metropolitan Company. We had commenced litigation against the Metropolitan Company as well as against the North London Company, and Sir Edward Watkin said; "I do not want to have any litigation; if you can show me that your reading of the law is correct, we will come to terms with you, and make our time-tables accord with the law, and pay the duty." And consequently he settled the question as respects the South Eastern Company, and of course with the other two railways with which he is connected. Therefore those railways began to pay in, I think, 1872, according to our Inland Revenue view of the law. One or two other railway companies did the same. The only difficulty which I ever had in giving up the arrears was this, that in giving up the arrears, I was rather hard upon the railway companies who had come to terms with me; and that took a rather ugly complexion afterwards. We were obliged to make a little repayment to Sir Edward Watkin in respect to the South Eastern Company, though not so much as he asked; but I felt and advised the Board that that company was placed in a position which their own (I thought) proper view of the matter had led them into.

171. What were the main subjects of litigation with the North London Company?—The main point was our right to the duty in the case of non-stopping trains.

Mr. *Macdonald.*

172. You say that you restored a certain sum of money to Sir Edward Watkin that he had paid; did you restore that because you were obliged to do so by law; having exacted something beyond what you had a legal right to?—Nothing; and Sir Edward Watkin did not put it upon that ground.

173. And you restored it to him because other companies did not fulfil their legal obligations?—Yes, I will honestly state to you the real ground; it was not put forward that he had any right to the return on account of the money having been illegally paid by the railway company; but he put it upon this ground, and upon this ground only; he said, "We are a competing company with the London, Chatham, and Dover Company, and the London, Chatham, and Dover

Mr. *Macdonald*—continued.

Company have held you at armslength; we have been paying upon the Ramsgate and Margate traffic while the London, Chatham, and Dover have not, and therefore we think that you ought to remit to us the duty which you have taken of us in respect of that quick cheap traffic to Ramsgate and Margate, which we did not pay you before 1872, but which, in consequence of your pressure, I agreed to pay you for subsequent years; we think that you ought to make us a return." The claim was about 3,000 *l.* or 4,000 *l.*, but what was ultimately paid back to him, I think, was about 900 *l.*, or between that and 1,000 *l.*

Chairman.

174. Then you put upon the same footing those who had come to terms with you, and those against whom you had succeeded by law?—So far as we could; it was only in the case of the South Eastern Company that the question was really raised; of course it was a very difficult thing, and you could only do it by rule of thumb. The points were (1) the right to duty in the case of non-stopping trains; (2) the right to duty for season tickets; and (3) the right to duty in the case of workmen's tickets.

Mr. *Samuda.*

175. Are those generally weekly tickets?—They are. The fourth point is the right to duty in the case of return tickets, in the case where the single fare is above 1 *d.* a mile. There was a question which was very much argued during the whole of the discussions, which was the question of the character of the approval of the Board of Trade, and the right of the Board of Trade to dispense. But I do not think that I need go into that, because the Committee are fully aware of what the point there was; and now there is no difference of opinion about it. There was this further point in the case of the North London Company, that there were no third-class carriages at all, that they were all first and second class passengers; that point was, of course, taken in the information, and it was considerably pressed by our counsel, Sir Henry James, before the Court of Exchequer. It was decided against the Crown, whether rightly or wrongly is very immaterial; it applied only to a very few railways. We did not have a cross appeal upon that subject. I considered the matter, but it was thought better that we should not have one before we went into the House of Lords. Sir Henry James was rather angry with me that we had no appeal.

176. There may have been some good reason for it; but does it make any difference whatever whether you have a second or a third class, because the Cheap Trains Act does not call them third-class passengers?—It does everywhere, except in the exemption section; the section containing the obligation calls them by two terms, "the poorer class of passengers," and "the third-class passengers."

Chairman.

177. The effect of that would be simply to prevent people having the best accommodation, and to give them the worst accommodation, would it not?—I do not think that that would really be the effect, because I think it is rather beneficial, putting the penny out of the question for a moment.

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Mr. *Melvill.*

4 April 1876.

Chairman—continued.

a moment. I think that the lowest of three fares is likely to be lower than the lower of two fares.

Mr. *Samuda.*

178. I fail to see the logic of that at all. I do not think that it is likely to be so low. It would occur to me that for every different class that you have, you must carry so much more dead weight in proportion to your profitable weight; and consequently you could not carry them so cheaply; would not that be so?—Supposing, as is the case with most railway companies, that they have a maximum toll which they may charge for first-class passengers of, say 3*d.*; for the second-class passengers, 2*d.*; and for the third-class passengers, 1*d.*; and supposing that they then dropped their third-class passengers and carried only first and second-class passengers, the lowest of the three fares would be lower than the lower of the two fares.

179. But supposing that they drop the second class, as in the case of the Midland Company, it evidently comes to this: that if it is cheaper to have only two classes instead of three (and I think there is no doubt that it is cheaper), it makes no difference to the intention of the Act whether the passengers who travel by the second of the two classes are called second-class passengers or third-class passengers?—The Midland Company in fact have the three classes, because they have the Pulman, and the first class, and the third class; so that practically it is three classes.

Chairman.

180. What is the next historical step in relation to this matter?—Then I come to the decision of the Court of Exchequer, on the 6th of July 1874, and I think that it would be perhaps convenient if each member of the Committee had a copy of that decision.

Lord *Claud Hamilton.*

181. Is it not the decision of the House of Lords that should govern us, and not the decision of the Court of Exchequer?—No doubt; there is only one point of difference between the two.

Chairman.

182. Will you shortly state the effect of the decisions of the Court of Exchequer and of the House of Lords upon the three points which you have mentioned?—The declarations at the end of the judgment in the Court of Exchequer, I think, show it tolerably clearly:—"Declare that every train running from one end to the other of the line between Broad-street Station and Poplar Station, or between Broad-street Station and Chalk Farm, Richmond or Kew Bridge, or between other terminal stations in the defendant's system of railway, and conveying passengers to and from such terminal and every immediate ordinary passenger station at fares not exceeding the Parliamentary rate, and complying with the several other conditions mentioned in the sixth section of the Cheap Trains Act, so far as they have not been properly dispensed with by the Board of Trade, ought to be considered a cheap train within the meaning of the Cheap Trains Act, notwithstanding there may be no third-class carriages in such train. Declare that the fares of passengers by such cheap trains are entitled to exemption from duty, if they do not exceed the Parliamentary rate, whether the tickets issued to them are second or third class." (I might say

Chairman—continued.

first, second, and third class.) "Declare that such exemption is not lost by such passengers being required, for the convenience of traffic, to move at any particular station from one such cheap train to another, provided there is no unreasonable detention at such station so as to reduce the speed at which such passengers travel below the minimum speed required by the Act." (We allowed a break in the journey, and we did not contest that at all. That was dealt with very much before the House of Lords.) "Declare that no train ought to be considered a cheap train within the meaning of the Act, whether approved by the Board of Trade as a cheap train or not, which does not stop at every intermediate ordinary passenger station, and which does not convey some class of passengers to and from every station at fares not exceeding the Parliamentary rate; and that no exemption ought to be allowed in respect of the fares of the passengers by any such train, notwithstanding such fares may not exceed the Parliamentary rate. Declare that the fares received for return tickets are not exempt from duty, unless the fares that would be charged to the same class of passengers for the single journey over the same distance would not exceed the Parliamentary rate." The workman is not allowed to carry any luggage; "No luggage allowed" is written upon the workman's ticket; apart from the tickets being in the nature of season tickets. Then the last declaration is: "Declare that the fares received for workmen's tickets under the existing arrangements, are not exempt from duty, and then direct, in case the parties differ, which perhaps they may not do, an inquiry as prayed in the third paragraph of the prayer, regard being had to the above declaration." That is the whole of the declarations, and that has been affirmed.

Mr. *Samuda.*

183. You stated, did you not, that there was one point which was not affirmed?—The whole was affirmed, but the *ratio decidendi* was different. They arrived at the same conclusion by a different mode. That was as respects the third of those conditions which very much attracted the honourable Member's attention; that is to say, the condition with respect to stopping if required. They dealt with that, and they said that it did not affect the body of the clause. Both courts held that, but the Court of Exchequer said this, "Wishing to give a meaning to the whole of the Act, we think that that applies to the stations at which there may be stoppage by signals, or stations which a private gentleman has caused to be placed near his lodge," or something to that effect.

Chairman.

184. Was there any meaning attached to the words "if required"?—I think not.

185. If a passenger wanted to be put down or to get up, it would be a monstrous thing, would it not, that he should not have the right to get into or out of a train at a station?—It was held that they must stop at every stopping station.

186. But supposing that there was a case where no one wanted to get down and nobody wanted to get in, what then?—Of course they might run through then.

187. Do they state that that would be so?—I will read what the Lord Chancellor and Lord Hatherley

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Chairman—continued.

Hatherley say, who both of them go into that point. At page 10 the Lord Chancellor says, in his judgement:—"The third condition is, 'such trains shall if required take up and set down passengers at every passenger station which it shall pass on the line.' Now, my Lords, if that were to be applied to those occasional stations" (that is, referring to the judgment in the Court of Exchequer), "those stations where there was an obligation to stop by signal, or where there was a stopping for the purpose of a market only, the question would naturally arise, why should there be a power given to the Board of Trade to dispense with the duty of stopping, if required, at those stations, more than any other stations? Why should a working man wanting to go to one of these places where the train stops only on the occasion of a market day, be at the *arbitrium* of the Board of Trade, as to whether he had a right to be set down at that station or not? It appears to me, my Lords, that that would be a very strange and forced construction. Therefore, my Lords, taking those first three conditions, I have arrived at the conclusion that it is *à priori*, in the highest degree, improbable that any one of them would have been intended to be left open to be dispensed with by the Board of Trade. With regard to the third condition, it is difficult to suppose that it could be intended to be dispensed with if it refers to those occasional stations which I have mentioned; still more, if it refers, as according to its natural construction the words would appear to refer, to every passenger station along the line."

188. Was there any decision given, or was there any observation made dealing with the point, whether it was necessary that the train should stop, whether it was required or not?—There was no decision at all on that point; and my impression is that if you look at the body of Section 6, before you come to the conditions at all, you will see that the obligation is only to provide for the conveyance of the third-class passengers to and from every station. Therefore I say that if there is no passenger to get out or be taken up, provision is adequately made without stopping.

189. What I want to know is, whether they have gone so far as to say that there should be absolutely a physical stoppage?—No.

190. Therefore, it would depend entirely, would it not, upon whether the passengers wanted to get in or out?—Except so far as the first declaration in the judgment in the Court of Exchequer is concerned, which I think you will see confines the right of exemption from duty to those trains which stop at every station.

191. Can you fix upon any portion of either of those judgments which settles that point decisively?—The first declaration in the Court of Exchequer declares, "That every train running from one end to the other of the line between Broad-street Station and Poplar Station, or between Broad-street and Chalk Farm, Richmond or Kew Bridge, or between other terminal stations in the defendants' system of railway, and conveying passengers to and from such terminal, and every intermediate ordinary passenger station, at fares not exceeding the Parliamentary rate," and so on, is to be considered a cheap train. It does not meet the case; but I think that Lord Hatherley, in his judgment, meets it.

Mr. *Samuda*.

192. Lord Hatherley treats of the nature of the station, does he not, and not of the necessity of stopping at a recognised station if nobody wants to get in or to get out?—Quite so.

Mr. *Melvill*.

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Chairman.

193. That then is the state of the law upon this subject at the present time?—That is the state of the law now; and I have very little more to trouble the Committee with. Upon the decision of the Court of Exchequer, which was upon the 6th of July 1874, the railway companies all came in to make arrangements with us as to the new system of accounting which that decision would render necessary, and the payment of duty. The first companies that came were the Lancashire and Yorkshire and the Manchester, Sheffield, and Lincolnshire Companies; they came within a few days after the decision. Sir Edward Watkin represented the Manchester, Sheffield, and Lincolnshire Company, and Mr. Thorley represented the Lancashire and Yorkshire Company. I hold in my hand Sir Edward Watkin's memorandum, which was drawn up after communication with me. You will see that between the date of the decision of the 6th of July and the date of this memorandum, which was the 11th of September, the Board of Inland Revenue had given up any claims for arrears of duty prior to the decision. We at first thought that it was a question whether we should not take the duty as from the time when we made the arrangement with the South Eastern Company; but I thought that inasmuch as the money had actually been distributed in dividend, where there had been a dividend paid, it would be very hard indeed to throw all the arrears upon the dividend of that year; in fact, it would have been almost impossible to do so. The memorandum is as follows: "It being, for the purpose of a friendly settlement, understood that the Inland Revenue Department make no claim upon the Manchester, Sheffield, and Lincolnshire Railway Company for any arrear of disputed duty prior to the 1st of July last, the Manchester, Sheffield, and Lincolnshire Railway Company will agree to the terms of the paper produced by Mr. Rickman as having been agreed with the Lancashire and Yorkshire Railway Company as follows: 'At an interview this day with Mr. Lawn, Secretary, and Mr. Thorley, General Manager, of the Lancashire and Yorkshire Company, it was proposed that the account for November should be rendered, and the duty paid under protest, in conformity with the decree of the Court of Exchequer in the North London case, and in accordance with the last paragraph of the letter from the Board of Trade accompanying the approval of the cheap train arrangements for July; the additional duty accrued for the months of July, August, and September, to be based upon the result of the November account, these accounts, in the meantime, to be rendered on the old basis.'" It was "October account" first, but it was changed to "November," so that we allowed them four months within which to bring in their new system of accounting; and then we took the duty for July, August, September, and October upon a comparison of the excess of duty upon the November account; we did not want to give them the trouble of initiating the new system immediately, so we gave them the four months, and said, we will

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Mr. *Melvill.*

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Chairman—continued.

take those four months according to a comparison of the November accounts. That is the whole of the extract as to the Lancashire and Yorkshire. "It will be further understood clearly that should the appeal in the North London case be ultimately decided in favour of the railway company, then any over-payment will be refunded to the Manchester, Sheffield, and Lincolnshire Company." That proposition, which was agreed to in the case of the Lancashire and Yorkshire and Manchester, Sheffield, and Lincolnshire Railway Companies, was adopted by all the railway companies; they all came in and asked to be allowed to do the same thing, and, of course, it was done; that is to say, that no pressure should be put upon them with respect to the new system of keeping accounts, but that they should begin that new system according to the decree for the month of November 1874, giving them four months within which to initiate the new system, and stipulating that they should pay back duty for the four months (waiving the claim for arrears) upon the basis of the November account. There was another thing. Several of the railway companies came to me and said, "This point arises: according to the decisions, a train to be a cheap train ought to go from end to end of our whole line, which may be 300 or 400 miles or more, and along every branch of our line; are you going to insist upon that?" I said, "Oh no, certainly not." Upon that view the Board of Inland Revenue sanctioned what is called the sectional arrangement.

194. Under what power did you dispense with their doing that?—I regarded, as I think the Committee probably would regard the Cheap Trains Act as obsolete, as applied to a state of circumstances which really did not exist. Dealing with it as obsolete, I could only do one thing. If it was to be in force, though obsolete, I must mould the present circumstances into the condition of the circumstances to which it was applicable.

195. It is surely either law or not law; regarding it as law, under what power did you dispense with the conditions which the law, as it appears to me, imposed?—I could not dispense with any conditions, but I do not think that the Committee perhaps follow exactly what I did do.

196. What I was taking exception to was your treating the law as obsolete; either the law, which was a recent law, was in force or it was not in force; did you take it as being in force or as not being in force?—I have not the slightest doubt about the law being in force, because the law is on the Statute Book. I use the term "obsolete," because circumstances had so changed that the law was really inapplicable to the condition of circumstances which existed. If you were to consider that law as strictly applicable to amalgamated railway companies, like the London and North Western, which run for 400 or 500 miles, it would be perfectly impossible to compel them to run a train from end to end, stopping at every station.

197. Does the law say that they are to do it?—If the law does say that they are to do it, it is certainly obsolete; but I do not think that the law does say it; I think it means really that the company should make provision for the conveyance of passengers to and from every station in a certain mode. I will illustrate it by one case, the case which first came before me.

Mr. *Samuda.*

198. Would it not be much more easily illustrated in this way; that the original Act obtained by a railway company would be the extreme limit to which that law could possibly apply?—Yes, quite so; and I mentioned the London and Birmingham case for that very purpose, as illustrating the largest railway company to which that Act was at that time applicable. But now let me take the London and North Western Railway Company; they have got a train service from London to Watford of 20 trains a day, the trains going no further than Watford. I say that for that purpose and for that train service Watford is a terminal station, although it is on the main trunk line; whether I am right or whether I am wrong, I conceive that it was impossible for the Board to deal otherwise with the matter as regards that train service; Watford was the terminus, and therefore we said, "finding you using this train service and stopping at Watford, we will allow you to regard Watford as the terminus as if you were nothing more than a London and Watford Railway Company;" and we have allowed the exemptions from duty on cheap trains upon the London and Watford service.

Chairman.

199. Then you make the terminus depend upon the place at which the train finally stops?—That is so; and we do so with respect to all branches. Of course there are numerous branches running out of Manchester connected with the London and North Western and Manchester, Sheffield, and Lincolnshire Railways, which take the suburban traffic in and out of Manchester; and we allow the exemption in respect of all the stopping trains upon those branches.

200. Supposing that this train at Watford proceeds on by a branch line to Rickmansworth, or anywhere else, how would you treat that?—We should consider Rickmansworth the terminus for that traffic.

Mr. *Samuda.*

201. Any point on a railroad which would have a junction from it to any other railroad you would take to be a terminus, if it suited your views to make it a terminus?—We always accept the railway company's termini.

202. Your view being that at that terminus where one railway ends the other railway begins, and it is equally treated as a terminus for both railways?—Quite so, even though they might both be under the administration of one railway company. That is the way in which I endeavoured to work it, because it was impossible to do it otherwise; and whether it is exactly in accordance with the law or not, the law is in so difficult and delicate a position that I advised that there was no other way of dealing with it.

Lord *Claud Hamilton.*

203. Are these arrangements made by you, irrespectively of the Board of Trade?—No.

Chairman.

204. The words are of 7 & 8 Vict. c. 85, s. 6: "Shall by means of one train at the least to travel along their railway from one end to the other of each trunk, branch, or junction line." Would you call Watford the end of a trunk line?—No.

205. Then

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Chairman—continued.

205. Then how can you make it a terminus, except by necessity, as it were?—I say that it is a terminal station in relation to that particular train service.

206. But do you conceive that in making Watford a terminus for the purpose of levying this duty, you are within the words of the Act of Parliament, which says that they shall run one train at the least along their railway from one end to the other of each trunk, branch, or junction line?—It is not, according to a literal interpretation, but according to a liberal interpretation.

207. But if you have a literal interpretation for one you must have a literal interpretation for the other; or if you have a liberal interpretation for the one you must have a liberal interpretation for the other. In point of fact, the law, as it stands now, if construed strictly and applied legally, is inapplicable?—I do not doubt it, and I have so advised from 1866 down to the present moment. It is totally inapplicable, and that is why I used the expression that it is obsolete.

208. "Obsolete" means disused; but this is not disused, because it is put in force. You consider that it is inapplicable and unadapted to the growth of railways and the whole system of railways?—Yes.

Lord *Claud Hamilton.*

209. It cannot be obsolete if you collect money under its provisions?—We do not collect money under that Act; we collect money under the Taxing Act.

Mr. *Sullivan.*

210. If you have a direct line from A. to F. in the hands of one company, the passengers have a right to a Parliamentary train for six days in the week all along the line, stopping at all stations, have they not?—Quite so.

211. But if that line be sold to four different companies, one from A. to B., another from B. to C., another from C. to D., and another from E. to F., are we to understand from you that in that case the service provided by Parliament, by means of the Cheap Trains Act, 1844, for the poorer class of travellers, is utterly destroyed as between A. and F.?—It would be so, unless each one of those companies, or any one of them, had running powers over the other divisions of the line.

212. Supposing that the line was originally constructed by the four companies, but that a process of amalgamation took place, would not the amalgamated company then be, in the view of the Act of 1844, one company, and be bound to provide a Parliamentary train from end to end?—I do not doubt it.

213. I am putting the case of a line made at any one time straight from A. to F., running through B., C., D., and E.; I will suppose (the case is very improbable, but it touches the point before the Committee) that the company is broken up, by purchase, into four different companies, under four different administrations, and that they run so many different trains; are the public deprived, by that sale and break up of that one company, of the right of having a Parliamentary train from A. to F.?—My answer would be that this disruption could not take place without the authority of Parliament; and I conceive that Parliament, or the Board of Trade as representing the travelling public, would, in connection with that legislation, take care to preserve the rights of the public under the Cheap Trains Act.

Mr. *Sullivan*—continued.

214. How has it happened, then, that when the converse operation has taken place, and the several bits of line going from A. to F. have become joined, the rights of the public have suffered because the Parliamentary train has not been run from A. to F. as if it were one line?—I do not think that that is so; I do not know that the point stated by the honourable Member is perfectly correct in fact.

215. Am I to understand, then, that in the case of every amalgamation under one administration, the system under the single administration is treated as a single line as regards the rights conferred by the Act of 1844?—I conceive that it would be so.

Chairman.

216. Was there not some power given to the companies to add to their maximum rate?—I believe, though I have no accurate information upon the subject, that there are five companies which have statutory power to charge the Government duty, in addition to the maximum fare which they take under their Toll Section.

217. Which are those companies?—I think they are the London and North Western, the Great Western, the London, Brighton, and South Coast, the Great Northern, and the North Eastern Companies.

218. When did they get this power?—The London, Brighton, and South Coast Company's powers are in the Act of 1863.

Mr. *Samuda.*

219. It was not in the original Act, was it?—It was not in their original Act; it comes in a very short way in the Act of 1863; I think it is a power to charge 1 *d.* or 1½ *d.*, "except Government duty."

Chairman.

220. Then of course those companies are put in a better position, in one sense, than the other companies?—Yes, the London and North Western Company throw it upon the traveller.

221. They could do so if they pleased, and if it was politic to do so, and the Midland Company, perhaps, could not?—Quite so. I may, perhaps, read a notice of the London and North Western Company, dated the 31st October 1874: "Notice as to third-class fares: In consequence of the intimation received from the Board of Inland Revenue that they will no longer sanction a remission of duty on tickets at Parliamentary fares issued by any other trains than those calling at all intermediate stations on the journey, it has been necessary to adopt special fares and separate tickets for third-class passengers by those trains which do not conform to the requirements of the Board of Inland Revenue. These third-class fares, which will be the former Parliamentary fares, with 5 per cent. duty added, will come into operation on Monday, 2nd November 1874."

Mr. *Samuda.*

222. And they availed themselves, I think, of the same opportunity to charge 5 per cent. upon season tickets?—That is exceedingly probable.

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Mr. *Melvill.*

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Lord *Claud Hamilton.*

223. But at the same time not improper?—No, because it was within their special law, but such a law ought never to have been passed.

Chairman.

224. Then if this law is put into operation, practically, this duty is paid by the third-class passengers?—Practically, it is in those cases.

225. Have you any further information which you wish to give the Committee on this subject?—I just touched upon the question of the Pullman cars, and I think that it would be as well for me to inform the Committee that litigation is now going on with respect to the Pullman cars.

Mr. *Samuda.*

226. I suppose because they exceed the general fares?—No. The Pullman Car Company, as I daresay the Committee are aware, have entered into an arrangement with the Midland Company (I will only deal with the Midland) to put a certain number of Pullman cars upon certain trains running to Bradford and elsewhere on the Midland line. Those cars are the property of the Pullman Car Company, and not the property of the Midland Company at all. The Pullman Car Company (which is now, I believe, registered in this country) take according to the distance which a passenger travels, perhaps 5*s.* as far as Bradford, and 10*s.* as far as Liverpool, or whatever the amount may be, for every passenger who comes into a Pullman car attached to the train. But such persons can only be persons who have taken first-class tickets on the Midland Railway, so that each pays a certain amount additional for travelling in a Pullman car. The Board of Inland Revenue claim duty upon the receipts of the Pullman Car Company upon the sum so paid to the Pullman car attendants of the carriages. The defendants, therefore, to the information are the Pullman Car Company and the Midland Company, who have combined together in their defence, and now we are awaiting the answer to that information.

Chairman.

227. Then the passenger is chargeable *qua* passenger by the Midland, and *qua* passenger by the Pullman car?—Quite so. Of course, I will not argue the question at all; but what is said on behalf of the Board of Inland Revenue is, that this is as much chargeable to duty as the difference between a first class passenger and a second and third class passenger. But the Pullman Car Company say, "No; there are hotel services; towels, and washing basins, and all sorts of conveniences are given, and we charge only that sum for it; it is not for the conveyance of the passengers that we are charging at all." That is the small issue that is left to the court.

Chairman—continued.

Mr. *Macdonald.*

228. The Pullman Car Company says that the payment is not for conveyance, but for accommodation?—That is the point. I humbly conceive that it is the difference between a first-class passenger and a second-class passenger. I have already mentioned to the Committee the Tilbury and Southend case. There all the receipts on a stopping train are under a penny a mile and they are all exempt from duty. Another case which has just cropped up is the Metropolitan. The Metropolitan Company have an odd mode of dealing with this matter. All their trains stop at every station, as I need not tell you, and their stations are very near together. I believe to certain of those stations the third-class fare is less than a penny a mile; but there are some of the stations as between which the third-class fare is in excess of a penny a mile. They, no doubt, conform to the Act in running one train in which it may be all right, but they say: We will get the exemption in this way; we will give to all our ticket clerks at the different stations one or two blue Parliamentary tickets, which, if asked for, they shall give to persons who apply for a cheap ticket to the particular station to which the ordinary third-class fare is in excess of a penny a mile; but we will only have one or two of them; so that if these people go arm-in-arm and ask for the cheap tickets they cannot get them, and the man says, "I am out of them; I have only one of these tickets for this train." We humbly conceive that that is rather a transparent dodge, the idea being to conform to the law and at the same time to evade the tax.

Chairman.

229. I gather from you that at all events the law, as it now stands, is inapplicable to the present circumstances of railways?—I think so, and I have always so thought.

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Friday, 7th April 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Mr. James Corry.
Viscount Crichton.
Lord Claud Hamilton.
Sir Harcourt Johnstone.
Mr. Leighton.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Arthur Peel.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.
Mr. Sullivan.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. WILLIAM HENRY MELVILL, recalled; and further Examined.

Mr. *Arthur Peel.*

230. WHAT are the dispensing powers of the Board of Trade as exercised now, and how far do they extend?—As defined by the 8th Section of the Cheap Trains Act, their dispensing powers are only exerciseable in consideration of some additional benefit provided for the passengers. The additional benefits to be provided are specified in Section 8 of the Cheap Trains Act.

231. To what extent do the dispensing powers of the Inland Revenue go?—They have no dispensing power by Statute.

232. But they have taken upon themselves to exercise such a power, have they not?—The Inland Revenue Board, as the Committee are aware, have the care, management, and administration of all duties which are entusted to them by Parliament; and they act in that care, management, and administration, under the direction of the Lords of the Treasury.

233. Is there any concert between them and the Board of Trade?—None.

234. Can you inform the Committee what has been the effect of the Cheap Trains Act upon the duty collected from the railway companies?—I have had a Return made which will show that. It is from the year 1857 to the year 1875 inclusive. It is a Return showing the duty charged, the amount upon which duty is charged, the amount exempted from duty, the gross passenger traffic, the goods traffic, what I may call the extra receipts from parcels, horses, and dogs, excess luggage, and the carriage of mails; the total traffic and the per-centage of duty upon the total traffic. This Table has not been compiled entirely from Inland Revenue papers, but also from papers at the Board of Trade; and it shows that in the year 1857 and the two following years, the per-centage of duty on the total traffic was $1\frac{1}{2}$ per cent; of course that is approximate.

235. Then we can calculate from this Table what would have been the amount of the 5 per cent. duty under the original Act, and what it is, minus the duty, charged under the Cheap Trains Act?—That of course you can do by assessing 5 per cent. upon the gross passenger traffic in the 5th Column.

Mr. *Arthur Peel*—continued.

236. I understand that the original 5 per cent. was upon the gross passenger traffic?—Quite so.

237. What would the 5 per cent. upon the gross passenger traffic amount to now, minus the exemptions, under the Cheap Trains Act?—If you take 5 per cent. upon the amount in the 5th Column it will give it you. The Committee will find that from the year 1850 to the year 1860, both inclusive, the per-centage of duty upon the total traffic was only $1\frac{1}{4}$. In the year 1871, it was $1\frac{1}{8}$. In the years 1872, 1873, and 1874, which were pending the litigation, it was only 1 per cent. The result of the litigation was such as to bring it to $1\frac{1}{3}$ per cent. for 1875.

238. What would have been the sum collectable at 5 per cent?—It would have been 1,086,244 *l.*

239. What is it now?—It was 743,000 *l.* in 1875.

240. Are those figures for the same year?—Those are for the same year. Of course, the per-centage which is given in this column, is upon the whole receipts, mineral and goods. I understand your question to apply solely to passengers.

241. You made use of an expression the other day in your evidence which struck me as being remarkable. I should like to ask you what you meant by describing the Cheap Trains Act as obsolete?—I used that term advisedly; because the obligation had ceased to be an obligation, and it was upon the obligation that the exemption depended.

242. Then, is it your opinion, that the original obligation has not been in many cases complied with, while the exemption has been claimed and allowed?—I say that that which was originally done under the obligation had been done voluntarily, and therefore had ceased to be done under an obligation. If the state of circumstances had been in 1844 as it was in 1874, that is to say, if the railways had conducted their passenger traffic in the same way in 1844 as they did in 1874, I do not think that Parliament would have given any exemption.

Mr. *Melvill.*
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Mr. *Melvill.*

7 April 1876.

Mr. *Arthur Peel*—continued.

243. I will put my question in another way; Do you think that there is no reciprocity, so to speak, between the duties imposed upon the railways and the privileges which they claim?—I think not.

244. With reference to the interpretation which the Board of Inland Revenue has put upon terminal stations, I understood you to say, that in the case of the London and North Western Railway Company, if they ran a train at the proper fares, stopping at every station between London and Watford, they would gain the exemption as between London and Watford?—Assuming that the train was approved by the Board of Trade, they would.

245. But what if the same railway refuse to take a cheap passenger under the same terms from Watford to Tring?—I assume that the train stops, and does not go further than Watford; and therefore it would not apply.

246. I am putting the case of the London and North Western Company wishing to perform the duty of carrying cheap passengers from London to Watford, but not wishing to carry them from Watford to some other place further down the line; would you hold that it was a compliance with the Cheap Trains Act that they should only carry their cheap passengers at that rate from London to Watford, a mere portion and section of their line?—Certainly not; but the Board of Trade, before they gave their approval, would see that the Cheap Trains Act was complied with in regard to affording to the third-class passengers the privilege of travelling as between all stations on the whole line at proper hours by a cheap train.

247. Then the Board of Trade would be the judge of what were equivalent facilities?—Quite so. If the Board of Inland Revenue found upon the whole table that the Board of Trade had themselves determined that the Cheap Trains Act was, as a whole, complied with, we should allow the exemption in such a case as that which I have put, from London to Watford.

Sir *Harcourt Johnstone.*

248. In the case of a train starting at a reasonable hour in the morning and taking passengers as far as Rugby, and stopping at each station, and then being a fast train in continuation of the same train service; should you hold that the duty was liable to be remitted?—The question would entirely depend upon whether there was a service of trains between London and Rugby. We look upon the service of trains rather as constituting the two termini.

249. To what extent do you think that the exemption of the London and North Western Company would apply; would they be exempt *qua* Rugby, and after that, would their liability to the tax begin?—I do not know as between London and Rugby, because, of course, I should have to look into the papers to see whether it was so; but we have allowed a similar exemption in the case which you have put. A case which is within my own personal knowledge will probably answer the honourable Member's question; I refer to the case of the South Eastern as between London and Hastings. You are aware that there is a station at Tunbridge Wells, about midway between London and Hastings There are fast trains to Tunbridge Wells, and then the train is a stopping train between

Sir *Harcourt Johnstone*—continued.

Tunbridge Wells and Hastings. Instead of making a passenger by the fast train, get out and take a fresh ticket at Tunbridge Wells, to which the exemption as between Tunbridge Wells and Hastings we think would attach, we allow him to continue the whole journey in the same carriage without taking a fresh ticket at Tunbridge Wells, and we allow the exemption as respects the portion of the fare as between Tunbridge Wells and Hastings.

Mr. *Arthur Peel.*

250. I do not know whether you have any objection to give me your opinion upon the question of policy; pray do not answer the question if you think it is not advisable to do so; you have stated your opinion that the Cheap Trains Act was obsolete; I take it therefore that you mean to say that the Cheap Trains Act, applicable in the first instance to the London and Birmingham Railway, which was then the longest railroad in existence, and that not wholly open, has become inapplicable owing to the entire change of circumstances, and the immense mass and complication of railways since that time. But is it your opinion therefore that it would be impossible to go back to the original Act of 5 & 6 Vict. c. 79, and impose a 5 per cent. duty, or any other per-centage upon all railways?—Perhaps I may be allowed to give a somewhat general answer to that, which is rather a general question, and which seems to involve, first of all, the question of the policy of the tax, and next the policy of the exemption. As respects the policy of the tax, of course that is more to be deduced from the observations of the different Chancellors of the Exchequer who have dealt with it, than from anything which I may say.

251. What I was particularly alluding to was the policy of exemption?—As respects the policy of exemption, I think that in order to have an exemption from a tax, you must have a tax, and that the exemption from the tax holds out a very good inducement or impetus to railway companies to give facilities to the travelling public which they might not otherwise afford; and I think it probable that if some such policy of exemption as is contained in the Cheap Trains Act were extended, and were made to depend upon other circumstances than those on which they do depend by virtue of that Act, great advantage might accrue to the travelling public.

252. Do you think that the poorer classes of travellers need the protection of the Statute, or is not their best protection the self interest of the companies?—I am not very certain about that; I suffer very much indeed from the want of correspondence between trains at a station used by two companies. That is a point upon which I think that the exemption from duty might in a great measure depend; I allude now to the station at Guildford, a station which I happen to know well. A person who desires to go, say from Dorking to Woking, a distance of 10 or 11 miles (or less as the crow flies), has to go *vid* Guildford; the Dorking train will arrive at Guildford, and there will not be a train by the South Western line to carry him up to Woking for an hour and a half. They arrange their trains so that it shall not be possible for a person going from Dorking to London to use the South Western line. That is the case also with regard to the cross country route to Farnham; you have

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Mr. *Arthur Peel*—continued.

to wait two hours to get about 20 miles by railway.

253. Did I correctly understand you to say that the Cheap Trains Act secures that communication?—No, it does not; and I should like the tax to continue, and any exemption from it to depend upon other circumstances than those which are found to be really for the advantage of the railway companies, irrespectively of the Cheap Trains Act. They would do very much what they are doing if there were no such Act as the Cheap Trains Act in force.

254. How can companies make up their accounts now with reference to the carrying out of the Cheap Trains Act?—That is a point which I was perfectly prepared to go into on Tuesday, but I thought that I would wait until such a question was put to me. Upon that matter the Board of Inland Revenue, under my advice, have allowed the railway companies to come in and show by the accounts for one, two, or three antecedent months, either comparing the three months themselves or taking them collectively, what proportion of the traffic at or under a penny a mile is carried by a *bonâ fide* cheap train; and having ascertained that by the accounts the Board have allowed them to account afterwards by a reference to a per-centage as so ascertained. Supposing that they take three antecedent months, and that they find as respects the particular railway in question, that 35 per cent. of their cheap traffic, the penny a mile traffic is liable to duty, and 65 per cent. of it is exempt, they allow that per-centage to go on while the state of circumstances is not materially altered. This is, as you will see, for the convenience of the railway companies in keeping their accounts and making them up for the duty.

255. Then the Board of Inland Revenue take the word of the railway companies?—Yes; their accountant having previously looked into the case to see whether the per-centage is accurately ascertained.

256. A Government officer inspects the books?—A Government officer inspects the books to see what the per-centage is by reference to the antecedent months which are brought into the calculation.

257. But only at certain periods?—Only at certain periods. It remains at that per-centage until either the Board of Inland Revenue ascertain, or the railway company inform the Board, that the per-centage is palpably erroneous.

258. Have there been any complaints by the railway companies of the inquisitorial action of the Government officers?—None that I am aware of. I may mention further that the per-centage varies very much; I believe it is as low as 21 per cent. as respects some Scotch railways; that is to say, that 21 per cent. only of the third-class traffic is liable to duty on certain Scotch railways, whereas it is as high as 39 per cent. on some English railways. I may be corrected if I am wrong; but that is my general impression.

259. Do you recollect what are the exemptions on the Metropolitan Railway?—The Metropolitan has none; it is upon the ticket principle, and therefore of course it does not apply. They issue a blue ticket, or whatever it may be, which represents the cheap fare, and therefore there is no necessity for them to enter into any question of per-centage.

Chairman.

260. That is an ascertained fact?—It is an ascertained fact, and so it is, I believe, on the London and North Western Railway.

Mr. *M'Lagan.*

261. So far as I understand your evidence, the gist of it is this: that all the Acts of Parliament respecting the passenger duty are ignored?—No, as respects the duty in the Act of 5 & 6 Vict.

262. The Act of 5 & 6 Vict., you say, is obsolete?—The Act of the 5 & 6 Vict., which imposes the duty, is in perfect force.

263. But the Cheap Trains Act is obsolete; and therefore as regards that Act the Board of Trade and the Board of Inland Revenue have autocratic powers for making such regulations as they think proper upon this subject?—Not beyond the Act, but within the Act.

264. And therefore that shows the necessity for this Committee, and for having some further legislation upon the subject?—I perfectly agree that further legislation is necessary, either by way of repeal of the Act of the 7 & 8 Vict., or by substituting some other legislation for it.

Mr. *Macdonald.*

265. When railway companies obtain their Acts they enter into a distinct obligation to pay a certain sum of money, do they not?—That is so.

266. They enter upon that obligation, and have done so since the passing of these Acts, with their eyes perfectly open, have they not?—Perfectly.

267. Have you had any other persons coming before you, and asking for exemptions who have been placed in similar circumstances by the Inland Revenue?—Never.

268. So that the railway companies are claiming exemptions from what is well known to be an obligation upon them?—That is so.

269. In your evidence at page 19, Question 170, you stated: "At first we did claim the amount of money that was then due;" can you inform the Committee what amount of money would be due by each railway company at that time which they would be legally bound to pay?—I cannot tell the Committee at this moment, but I have no doubt that the result could be approximately obtained, and the information given to the Committee.

270. Will you kindly put that in?—That is as between the date of the claim and the date of the decision. Time being given for its preparation, it can be furnished approximately. The accountant must furnish it of course; it is outside my province.

271. Will you kindly furnish that information as respects every company which ought to have paid, but which did not pay?—I will endeavour to cause it to be done.

272. So that the Committee may really ascertain the amount of money that was left owing, which would legally have been paid by the railway companies to the Government, and which they have not paid to this moment, and have not been asked to pay?—Quite so.

273. You have to-day stated, I think, that the Commissioners of Inland Revenue were under the direction of the Lords of the Treasury; did the Lords of the Treasury direct the Commissioners of Inland Revenue that this remission should be made, and that no action should be taken with regard to the recovery of it?—They

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Mr. *Melvill.*

7 April 1876.

Mr. *Macdonald*—continued.

were cognisant of the fact, but I am not at all prepared to say that they directed it. I should rather think not. Whether it was after the event or not I cannot say.

274. May I ask (I am sure you will not take it as a personal question by any means) whether, is it the custom of the Inland Revenue to treat individuals who are indebted to them for revenue, in the same manner as these large corporations have been treated?—I think so, if the circumstances were similar. You must bear in mind what were the circumstances, and that I think forms some guide to the evidence which I gave last Tuesday. The circumstances were these. The Board of Trade and the Board of Inland Revenue had for many years not insisted upon what turned out afterwards to be their strict rights, and therefore the railway companies had been going on for all that period, paying duty in the belief that they were paying that which was legally to be claimed from them, and they had distributed their dividends accordingly. I endeavoured to make this as clear as I could on the previous occasion. Therefore, regarding that, I advised the Board that it would be a great hardship upon the railway companies, after the Board had allowed a certain course of action to be pursued for many years, if they were to turn round and say, "The law is not such as we have perhaps unwittingly allowed you to believe. You must pay according to what the law is now decided to be."

275. Were individuals who are liable to the Inland Revenue for sums of money, to come before you, and say, "Well, in the four last years that we did not give you a true return, or that you did not exact the money from us, we spent that money each year, and therefore we do not think that we should be in a position to pay that money;" should you take that answer?—I conceive that that would be no excuse in the case which you put, if the law was clear as to the individual's liability. If both law and practice had established his liability he would have no excuse.

276. You stated, if I understood you aright, that between the railway companies and the Inland Revenue exemptions have been allowed, and there was no reciprocity; in other words, do I correctly understand you to say that the railway companies have not given an equivalent for that which they have got in the form of exemption?—My meaning was this: that that which they have given they would have given voluntarily for their own benefit if there had been no exemption.

277. There was an inconvenience which you mentioned in your own experience, and it is one which very few who travel on railways would not have experienced, to wit, the almost continual practice, if I may use the expression, of making one train start at almost the very moment that you arrive by another train. In any future legislation, do you think that there should be an obligation imposed upon the railway companies that those connections should be made in the behoof of the public, and not as things are at the present moment?—That is decidedly my opinion.

Mr. *Ashley.*

278. I do not quite understand your saying that in your opinion the Act of 1844 has ceased to be an obligation upon the railway companies; do you mean that they now carry passengers for their own profit at cheap rates irrespectively of the obligation imposed upon them?—I think that they would by this time have found, irrespectively of the Cheap Trains Act, that it was to their own benefit to do exactly what they do.

Mr. *Ashley*—continued.

279. In that do you include their stopping at every station in the case of these exempted trains?—I consider that the railway companies would have found it to their benefit to run one train stopping at every station; whether broken in pieces or as a whole is immaterial in the action which the Inland Revenue take.

280. With regard to the questions put to you by the honourable Member for Stafford, do the Board of Inland Revenue, in cases of succession duty, date their interest and their demand from the date of the claim?—That is provided by statute. It is not in the discretion of the Board of Inland Revenue. Interest runs, I think, by statute from the day of the death, or when the succession duty ought to be paid.

Mr. *Leighton.*

281. With regard to the old Act being obsolete, I suppose it would be impossible now to run a train from London to Edinburgh in one day, stopping at every station?—That would be practically impossible, assuming that the Act would render it obligatory, which I am not very clear about.

282. The exemption has turned out to be a bonus to the companies, has it not?—I think so.

283. Do any of the companies charge less than 1 *d.* a mile upon any of their passenger traffic?—Yes, the Scotch railways in particular, and several also in this country.

284. Is it a usual thing to charge less?—I think so as between some stations; it varies.

285. They charge less for their own advantage, I presume?—It is for their own advantage.

286. Do you know whether any of the 15 railway companies that do not come under the exemption, charge less?—I am not aware; in fact it is not likely that we should have information upon that point, because it is not material for our purposes.

287. Do you draw any distinction in principle between passenger traffic and other traffic?—None.

288. You think that they should both be taxed in the same way, on principle?—I see no difference. There is very little principle in taxation.

289. There is a great amount of sea-borne coal brought from Newcastle to London which is in competition with the railway; the sea-borne coal does not pay a tax upon its carriage; how would you get over the difficulty of taxing the railway coal traffic which would be in competition with the sea-borne coal traffic?—I dare say that question would be raised if it was endeavoured to tax the general receipts.

290. Would that affect the principle which you say you consider to be the same with regard to the two?—I should think it would.

291. Then you think, so far as that goes, that they stand on a different principle?—I think so.

Mr. *Macdonald.*

292. Is it the duty of the State to equalise rates in order to enable two competing parties to enter into a common market?—I should think not; they have always repudiated it.

293. You

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Mr. *Leighton.*

293. You think that the State should leave traffic to find its own level without interference?—I think so.

294. And that where it does interfere, it should either interfere equally with all, or not at all?—That is so.

295. At present you say the principal paying traffic is the working class traffic by cheap trains?—I believe that is so.

296. Is it about two-thirds of the whole?—I think I have a statement which will enable me to answer that question better than I could without it.

297. It is a very large proportion, is it not?—Yes, it is a very large proportion.

298. Do you see any propriety in the law interfering with one class of passengers, rather than with another; do you think that the law should interfere in favour of the working classes, when it does not interfere with regard to the rest of the public?—That is a very large question indeed. It was so thought in 1844, but how it would be viewed now, I do not know. I think it might be well left to the self-interest of the railway companies, so far as this question is concerned.

299. At all events, the result is, that the working classes would be carried, without the interference of the Legislature, at as cheap a rate as they are carried at now, with the interference of the Legislature?—I do not doubt it; but will you allow me to say, that I do not feel so certain that the poorer classes living near to every station would, during all this long period that has elapsed since 1844, have got the same benefits as they have got through the interference of the Cheap Trains Act.

300. The penny a mile which the Government thought in 1844 was a proper price for the poor man to pay from station to station, is now, of course, from the difference in the value of money, a much greater advantage to the working man, inasmuch as the penny is not worth so much as it was 40 years ago?—I think so.

301. In the meantime, the income of the working classes has enormously increased, so that they are much better off than they were when the Legislature interfered on their behalf, are they not?—No doubt; but I believe their expenses have enormously increased also.

302. You have told the Committee that the value of the railway duty at present is about 740,000 *l.* a year; do you know how much it would be if the exemptions were removed altogether?—I have answered that question to the honourable Member for Warwick; and I have handed in a paper which shows it; it would be 1,086,000 *l.*

303. That is to say, if the duty remained at 5 per cent.?—If the duty remained at 5 per cent. and was charged only on passenger receipts.

304. I think that you have told us that two Chancellors of the Exchequer proposed to get rid of the exemption, namely, Mr. Lowe and Mr. Gladstone?—Yes.

305. Do you think that this passenger duty has in any way interfered with the development of railways?—Not so far as I am aware; if it has it was an interference which, as the honourable Member for Stafford says, every railway company knew to exist before they came to Parliament or started their undertaking.

Mr. *Leighton*—continued.

306. Do you think that it has prevented any companies from coming to Parliament or from extending their lines?—I think not.

307. Then you think that it has not been any injury to the public?—That is my opinion.

308. Do you know what the per-centage would have been upon a stage coach before the railways; would it have been about 5 per cent. or a good deal more?—That is very well explained in Volume I., of what I call the Twelfth Report of the Commissioners of Inland Revenue; it compares the railway duty with the stage-coach duty. The gross receipts of the London General Omnibus Company (which is sufficient for your purpose) in 1864, were 612,409 *l.*, and the duty mileage and license paid by them, was 53,304 *l.*, or 8·7 per cent. on their earnings. In the same year the gross receipts of the railway companies in Great Britain were 32,433,958 *l.*, and the duty paid by them, was 430,865 *l.*, or 1·3 per cent. on their earnings.

309. But there you are mixing up passengers and goods traffic, are you not?—Yes.

310. The omnibus traffic is all passenger traffic, is it not?—Certainly.

Chairman.

311. The railway figures were for goods and passengers?—They were.

312. Of course, if it had been on passengers alone, the per-centage would have been very much higher?—It would have been very much higher; it would have been about 3½ per cent.

Mr. *Leighton.*

313. What were the proportions of the passenger traffic and the goods traffic in the year 1864?—The gross passenger traffic in Great Britain in the year 1864 was a little over 13,000,000 *l.*, and the goods traffic was nearly 18,000,000 *l.* In 1870 the whole traffic, goods and passengers, was 39,000,000 *l.*, but I am alluding now to the gross passenger traffic and the gross goods traffic.

314. What were the proportions for the last year?—For the last year the gross passenger traffic was 21,724,899 *l.*, and the goods traffic was 35,600,000 *l.*

315. The goods traffic is a great deal more than the passenger traffic?—Yes, a great deal more; about half as much again.

316. If the duty was taken off, who, do you think, would pay the difference; do you think that the public would get lower fares, or that the railway shareholders would get higher dividends?—I think it would all go into the shareholders' pockets.

317. You think that the public would receive no advantage whatever from the removal of the duty?—None, so far as I am aware.

318. Do you think that if the exemption were removed altogether, the public would experience any disadvantage in having to pay higher fares?—I do not see how that could be.

319. You think that competition would keep the fares as low as they are at present?—Their own special Acts would keep their fares at or below the maximum; they could not charge beyond the rates defined in their special Acts irrespectively of the Cheap Trains Act.

320. But they never go up to their maximum; they are usually within their maximum, are they not?—I think they are. The maximum toll for third-class

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Mr. Melvill. 7 April 1876.

Mr. *Leighton*—continued.

third-class passengers is, I think, in many Acts, a penny.

321. Where there was not a maximum, do you think that the railway companies would be able to get the difference from the public, or would it come out of the dividend?—I think it would come out of the dividend.

Mr. *Macdonald.*

322. You were asked if you thought that the tax had had the effect of restraining the development of railways?—I answered in the negative.

323. Are you aware that annually Parliament refuses a great number of Bills, and has been doing so for many years, when companies which are in existence desire to have new extensions, and when companies are formed for making new lines?—That is so.

324. So that, so far as public appearances go, there is no restraint whatever upon railway companies that are in existence, or from forming railway companies, where it is supposed that there is a likelihood of a return for the money expended?—No more than there was in 1847.

325. No more, in short, than when private individuals enter into speculations from which they wish to derive benefit?—I think not.

Mr. *Sullivan.*

326. In 1844 the Cheap Trains Act was passed, allowing a certain exemption upon the poorer class of passengers carried by cheap trains, was it not?—On the receipts from their fares.

327. And it was only upon such passengers carried by such trains; was that so?—That was so. "By such cheap trains as aforesaid," is the expression.

328. And the phrase "cheap train" was defined in the Act, was it not?—It was, if it can be called a definition.

329. Some time after the railway companies were discovered to be claiming or receiving the exemptions upon all passengers carried at a penny a mile, were they not?—I do not think that they claimed it.

330. But they received the exemption, did they not?—I think not for many years; in fact, I do not think that it was so until about the year 1867, when the litigation was threatened, that the railway companies ever insisted quite so far as that; I should like, in answer to that question, to read the first letter that I am aware of, in which the railway companies put their claim so high as that.

331. What is the date of that?—The 17th of May 1867, so far as I am aware.

332. From 1844 to 1867, what was exactly the practice in your department in reference to the Act of 1844?—As a rule the Board of Inland Revenue took the interpretation adopted by the Board of Trade as to what was a cheap train.

333. When was that interpretation given?—I think that that information could only be obtained from the Board of Trade; I really am unaware. It was rather the growth of years, and the result of practice than any definite action at any particular time.

334. You cannot state when the definition was given; can you tell the Committee upon whose application the definition was given?—I do not think that any definition was ever given.

335. I thought that you said that your department acted upon the definition of cheap

Mr. *Sullivan*—continued.

trains as settled by the Board of Trade?—I said that whatever the Board of Trade approved as a cheap train the Board of Inland Revenue followed that, and granted the exemption accordingly; but what they may have determined to be a cheap train I am really unable to say.

336. Then you cannot enable us at all to determine precisely the date at which the Act of 1844 was substantially evaded?—Clearly it was prior to 1855, because I have read the Report of the Board of Trade to that effect.

337. Your department became aware that there was really no legal warrant for the construction as to exemptions; in 1867, did it not?—That was the law officer's opinion, qualified by a subsequent law officer's opinion, as I have explained.

338. Was it at that time that your department treated the Act of 1844 as obsolete, that being the phrase which you used?—I used that as my opinion. I did not say that the Board ever treated it as obsolete; but I expressed my opinion that it was so, and I gave my reasons.

339. Was it treated as obsolete?—Certainly not.

340. It was simply a difference as to the construction?—That was so; as long as it remained upon the Statute Book it was worked as I have endeavoured to explain to you.

341. Could you enable the Committee to form any estimate as to what amount of money the railways did not pay into your department that they ought to have paid, by reason of that mistake?—Any sum that I named would only be, of course, according to my own judgment; but I should say that it was not under 5,000,000 *l.*

342. Who first discovered that the practice was utterly without legal warrant?—The Board of Trade, upon the opinion of Sir Roundel Palmer and Sir Robert Collier.

343. But what called for that opinion, because some one must surely have put them in motion, and said, "This is all wrong"?—I am not able to answer the question. It did not occur in the Inland Revenue Department.

344. I wish to be informed, if you can inform me, whether, at the very start, the process was that the companies claimed a certain amount of exemption under the Act of 1844, and were allowed it, and whether their claim was revised by the Board of Trade?—They sent to the Board of Trade their table of fares for the month. In that table of fares must of necessity have been contained a cheap, or what was then called a Parliamentary, train, and the Board of Trade were obliged to see that the Parliamentary train conformed to the law, and stopped at every station, and conveyed passengers between all stations at a rate not exceeding 1 *d.* per mile. Being satisfied of that, in the first instance, no doubt the Board of Trade approved that train.

345. Then it would come about in this way, that the companies sent in what was equivalent to a claim. Now, taking the year 1845, I want to establish, if I can, whether it was the Board of Trade or the companies who first put forward the incorrect basis for the exemption?—I have not the slightest doubt that it was the companies who marked other trains which were not strictly cheap trains. Mr. Farrer's evidence before the Committee on Railway Amalgamations in 1872 was very much to that effect.

346. The

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Mr. *Sullivan*—continued.

346. The error, then, had its beginning in this process, that the companies claimed, and submitted to the Board of Trade, an erroneous application of the law of 1844, and that the Board of Trade fell into the error?—That is simply it.

347. Do you think that it would be very hard upon the companies who first set up the error if they were asked to correct it?—I think so; and after they have distributed all the proceeds realised by that error in dividends, I do not know whom you would get it out of. It would be very hard upon the shareholders of the present day that they should be told to refund what was received by those who were shareholders years ago.

348. Then the Committee would have to hold the Board of Trade accountable for five millions of money which they did not get, and which they ought to have got?—I do not think so; because, perhaps, the Board of Inland Revenue ought to have looked into it as well; and they did in 1868.

349. The Board of Trade and the Board of Inland Revenue between them, in some proportions which we cannot ascertain, are accountable for a loss of five millions?—It is only my estimate.

350. Four millions or some millions?—I think so.

351. And you said you thought that by the time you discovered the mistake of your department the law was obsolete; is it the fact that a Chancellor of the Exchequer proposed to amend the law as to Sunday trains in a respect in which it did not require amendment at all?—That is quite my view.

352. Was there not an apparent want of correct information as to what was the law, not only on the part of your department and the Board of Trade, but on the part of the Chancellor of the Exchequer?—He gets it from the permanent official.

353. He proposed to amend the law as to Sunday trains while the law was absolutely as he wished it to be, did he not?—That is my opinion.

354. That was Mr. Gladstone?—I think I explained, as well as I could, that Mr. Gladstone was led to amend the law rather by reference to what had been the practice than what had been the law.

355. You stated, did you not, that you were not aware that the payment of this tax by companies had any effect in preventing the development of the railway traffic of the country?—It may be so, but I am not aware of it.

356. Of course it is impossible to say how many embarrassments may go to make up, in the whole, the considerations that would deter capitalists from entering into such an undertaking?—That is so.

357. And this narrowing of their margin of profit may be one of those considerations?—It may be so.

358. In fact every embarrassment or tax upon a trade must, so far as it goes, prevent the development of that trade, must it not?—As a general rule it is so.

359. Is it not so as an universal rule?—Perhaps there is not much distinction between general and universal; I dare say that your word is a better word than mine.

Lord Claud Hamilton.

360. What in your opinion is the primary object of this tax?—To get money, I think.

361. I agree with you; does it not, by its present incidence, cause great complication in the keeping of railway accounts, and hamper railway companies in making their train arrangements?—I do not think that it does; may I give you a reason; I was asked by the Chairman, and I gave an erroneous answer with respect to the time when the Clearing House came into force; but I find that the Clearing House was first established in the year 1842, and that there was a Clearing House Act in the year 1850. In the Report of the Committee on Railway Amalgamation in 1872, which was a very important Report made by a mixed Committee of the House of Lords and the House of Commons, the Secretary of the Clearing House is examined, and he gives a very interesting account of the Clearing House; he put in the Appendix a long statement of the rules governing the Clearing House, and in those rules I cannot find the slightest allusion to the passenger tax; I wanted to see whether the passenger tax did affect the question of accounting as between railways; *inter se*, I see that it does not.

362. But it affects the accounting between railways and the Board of Inland Revenue, does it not?—No doubt; there would be no necessity to account to the Board of Inland Revenue were it not for the tax.

363. Then you admit that if there were a re-arrangement and adjustment of the tax, it would be possible greatly to simplify the keeping of individual railway accounts?—I should think it would, certainly.

364. Does it not in your opinion prevent railway companies, in many instances, giving those facilities to the public which they would be able to afford if the tax existed in another form?—I have heard that stated generally; but no instance has ever been brought to my notice which would lead to any comparison between what exists, and what might be substituted for it; and therefore it would be difficult for me to answer that question.

365. Then you cannot say of your own experience, that the general travelling public would benefit by a re-arrangement of the tax?—If by a re-arrangement of the tax is meant a re-arrangement of the terms upon which the exemption is to be granted, I think that great benefit might accrue to the public; and I have answered that in substance.

Mr. *Bruce.*

366. I presume that the original idea of this tax arose from the duty upon stage coaches?—I do not doubt that in its origin it was imposed by relation to that duty; and that is shown, I think, by the halfpenny a mile for every eight passengers.

367. Are you aware that in consequence of the decision of the House of Lords, the railway companies have increased their fares by adding on the passenger duty?—Yes; I handed into the Committee the notice of the London and North Western Company. Only those companies did it which had power by statute to add the duty on to the maximum fare.

368. You are aware that the Metropolitan Railway Company on season tickets, charge the passenger duty?—I was not aware of that, and I am very sorry to hear it; it only shows the power of self-interest.

369. Do

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Mr. *Melvill.*

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Mr. *Bruce*—continued.

369. Do you think that the obligation was not fully understood by railway companies, prior to the decision of the House of Lords with reference to the passenger duty?—It was fully understood in their own favour.

Sir *Harcourt Johnstone.*

370. Supposing that the passenger duty were repealed, do you think that it would be safe to leave it to the railway company to provide or not to provide what are called cheap trains; do you not consider that they understand their business thoroughly well, and that it is their object to give as great facilities to the public as possible?—I agree thoroughly to that.

371. Do you think that it is their object to discourage this special third-class traffic, which is the best passenger traffic they have?—No, certainly not.

372. Then supposing that to be the case, and that it were recommended to Parliament that the railway passenger duty be repealed, should you, as adviser to the Board of Inland Revenue, recommend some other tax being put upon a railway company?—I probably should not be asked, but I certainly should not advise it.

373. Not in justice to other carriers, I suppose?—Certainly not. But I think that a tax must be looked upon in a totally different light as respects its first imposition and as respects its retention. It is a very different thing whether you impose a new tax in the year 1876, or whether you strike off the Statute book a tax which was imposed in the year 1832.

374. Do you remember who was at the Board of Trade at the time the Act of 7 & 8 Vict. was passed?—Lord Dalhousie was at the Board of Trade, I think, when the Cheap Trains Act was passed.

375. Do you remember that (if I am rightly informed) he left a minute at the Board of Trade strongly recommending that a monopoly be given to the various companies?—I think that it is so, and Mr. Farrer refers to it in his evidence. I saw this evidence for the first time yesterday, and there, I think, Mr. Farrer is asked a very similar question to that which you have put to me. Perhaps I may read this passage from his evidence in answer to your question. Mr. Farrer states that the Board of Trade has had a great deal of experience in the matter of railway legislation, and he says: "Long ago, a vigorous effort to guide the practice of Parliament in matters of railway legislation (the only effort of the kind ever attempted) was made through the medium of reports of this description. The Committee of 1844 recommended that all Railway Bills should be submitted to the Board of Trade, to be by them reported on before they went before the Committees. A sort of board within the Board of Trade was appointed for that purpose, of which Lord Dalhousie was chairman, in 1845. There were a very large number of important Bills in that year, and Lord Dalhousie and his Board made very elaborate reports upon them, reports upon the policy of the Bills, upon the questions whether companies should be amalgamated or not, whether the making of new lines should be allowed or not, and, in fact, upon all the large features of the Bills then before Parliament." Then he goes a considerable length into the whole of that. I will refer to one other question which he is asked which bears upon the question. Mr. Dodson asked Mr. Farrer, "have not some of the railways got special clauses enabling them to add the passenger tax to their fares?"—"Yes," says Mr. Farrer, "and those have slipped through the Committee in spite of the report of the Board of Trade." Then the next question is: "They are to be found exceptionally in the Acts of some of those lines?—(*A.*) 'Yes.'" Then Lord Salisbury asks: "Are you prepared to make a difference in the case of Acts of Parliament which have slipped through Committees?" Then Mr. Farrer says: "When Acts of Parliament which are inconsistent with the general legislation of the country slip through Committees, it is a sign that there is something wrong. I should mention, as illustrating the difficulty of any interference with railway companies, that the Board of Trade in this case are required by Act of Parliament to approve the times of arrival and departure of those trains; but, practically, they have found themselves helpless in the matter. The companies know so much more about their correspondences, and about the times at which they can conveniently run their trains, that the Board of Trade find it much better to leave them to themselves." There is a great deal more which is very interesting in Mr. Farrer's evidence, but it was given rather delicately as respects the passenger tax; because the evidence was given in 1872 *pendente lite,* while the litigation was going on, and, therefore, of course, he did not express himself very strongly. This evidence was given on the 14th June 1872. There is a great deal that is exceedingly interesting, both as respects workmen's trains and other matters, in this evidence, but I did not see it until yesterday. There is much in it that does not affect the question.

Sir *Harcourt Johnstone*—continued.

376. Lord Dalhousie being at the Board of Trade, and having these particular views that the country ought to be mapped into districts, and that each railway ought to have a monopoly of each district, do you not think that the passenger duty partly took its rise in Lord Dalhousie's view that it was taxing a monopoly?—Yes; I think that is very likely.

377. At that particular time, you may say that the mail coaches, and so on, had a monopoly of the public traffic, may you not?—Certainly not under any statutory powers. The monopoly of the railway companies was a peculiar monopoly; they were enabled to take compulsorily other people's land.

Lord *Claud Hamilton.*

378. They had to pay for it though?—They had.

Sir *Harcourt Johnstone.*

379. You think that that particular power makes them specially liable to a tax from which other companies are exempt?—Yes; any person could start a coach without going to Parliament; but a person could not start a railway unless on his own ground, without going to Parliament. On those grounds I conceive that it is a statutory monopoly.

380. And you think that some tax ought to be maintained upon railway companies?—My reason, as I have stated, for the retention of the tax is beyond a fiscal reason; of course I am only the legal adviser, and it is not for me to say whether the tax should be retained, or whether it

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Sir *Harcourt Johnstone*—continued.

it should go; but I think that it is well to retain the tax, because it appears to me that exemption from it is the only stimulus that you can bring to bear upon railway companies to afford facilities to the public by corresponding trains ("correspondences," as Mr. Farrer calls them), as well as by cheap trains. You would otherwise have to purchase those facilities from railway companies in another mode.

381. Are you aware that those correspondences are excessively difficult to arrange, and that on the ground that two sides of a triangle are greater than the third, you cannot always contrive on existing lines, to make those correspondences?—I believe that that is so; but I do not think that that is any reason why it should be consistently the other way, and in the case of Guildford it is consistently the other way.

382. I have had some experience of correspondence and want of correspondence; but if you lay that particular obligation upon companies, thereby putting them to enormous expenses, because they would naturally have to put on additional trains, do you not hold that that would be a sufficient tax without the addition of the passenger tax?—As I would have one or two cheap trains, so I would have one or two correspondences during the day; I do not mean that every train should correspond with every other train; but they would be under the Board of Trade of course, and that no doubt would necessitate a considerably larger staff than the Board of Trade at present have.

383. The sum of five millions, to which the honourable Member for Louth alluded, I suppose is now practically condoned both by the Board of Trade and by the Board of Inland Revenue?—Unquestionably.

384. I am not sure whether the Statute of Limitations would not apply?—As I have already stated, we could not by possibility have insisted upon anything prior to our claim.

Mr. Serjeant *Spinks*.

385. I understood you to say that the Cheap Trains Act had become totally inapplicable to the present circumstances of railways?—The word "inapplicable," I believe, was put into my mouth by the Chairman. I had used the expression "obsolete," which I have been accustomed to use; but I do not think that it is applicable to the existing state of circumstances.

386. Under those circumstances, would you be disposed to recommend a repeal of the Cheap Trains Act?—I should like to see it repealed, and something else substituted for it.

387. Supposing that an Act were substituted for it, could you lightly sketch out some of the main provisions of that Act which you would suggest; for instance, would it contain a provision for the running of one cheap train each day, as the other Act did?—I think that the only way in which it could be managed would be to put railway companies under the control of a proper and sufficient department, whether a sub-department of the Board of Trade or not, I will not say; and that every railway company which obtained a certificate from the Board of Trade as to its efficiently providing for traffic generally (I will not say cheap train traffic, or correspondences, or anything else), should be entitled to a certain remission of duty; I conceive that that might be possible. Whether there should be two classes

Mr. Serjeant *Spinks*—continued.

of certificates or not, is questionable, according to the provision they made for the travelling public.

388. You mean two classes of better conduct and worse conduct?—Quite so. That would put the department in rather an invidious position, and therefore I think there had better be only one class.

389. You would prefer not having an Act with defined provisions, but a large discretion given to this Board?—I should like a large discretion to be given to it, but I think it would be well to name the particular heads of interference by the controlling Board.

390. In substance, you would suggest that the proposed Board might interfere with the railway companies in certain particulars, and not in others?—Quite so. Then I would add one other suggestion. Of recent years we have got a court, namely, the Railway Commissioners; and I think it would be a very good thing for an appeal to lie from the department, at the instance of the railway company, to the Railway Commissioners, if they think that a certificate was withheld when it should not be withheld. I indicate that very generally, of course.

391. I understand you to be of opinion that it is desirable to retain this tax, but to use it as a sort of lever with which to obtain advantages for the public?—I am of that opinion.

392. And upon the behaviour of the companies, good or bad, to grant or withhold a certificate of exemption?—I think so. My general impression is that the railway companies have no more right to say, "We ought to be relieved from this tax," than a man who has bought land has to claim exemption from the land tax.

393. Would you apply that exemption given in that way to all classes of railways?—What I meant was that you would give the exemption, we will say knocking it down to 2 per cent. instead of taking 5 per cent., in the case of a railway which complied with the terms and got the certificate.

394. Two per cent. on passenger traffic?—Two per cent. on passenger traffic instead of 5 per cent., as it is now. I would allow a remission of 3 per cent. in the case of a company obtaining that certificate.

395. I did not gather from you whether you would interfere with the goods traffic by way of duty?—No, I think not; I think I would leave that exactly as it is. What I conceive is that I would leave the Taxing Act of the 5 & 6 Victoria unaffected, and merely deal with the Exempting Act, the Cheap Trains Act.

396. And you would merely affect the Taxing Act by these certificates of exemption of which you speak?—Yes, as they are affected now by the Cheap Trains Act.

397. Some questions have been asked of you with reference to the errors of the railway companies with regard to the payment of this duty. I believe the Act was a very difficult and complicated one to construe?—I think so; taking the body of Section 6, and that third condition upon which we have had much conversation, nobody can doubt that it was a difficult one to construe.

398. Therefore it was not what we may call *mala fides*?—No, I think certainly not, in the first instance, and I do not mean to impute *mala fides* at all; but I think they went a little too far

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Mr. *Melvill.*

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Mr. Serjeant *Spinks*—continued.

in later years, between the year 1866 and the year 1870, when the litigation commenced in claiming the exemption and refusing to pay duty upon all traffic under 1 *d.* a mile however carried.

399. That, of course, would not affect the question to the extent of those millions that you spoke of; the deficiency to the extent of millions did not arise from what you may call *mala fides*? —No; in fact I will not impute *mala fides* at all for a moment.

400. I think your general impression, subject to the question of exemption, is in favour of the retention of the power of taxing?—That is my inclination.

401. In coming to that conclusion, have you at all entertained in your mind the question of the competition with railways of other classes of traffic?—I do not think that they are affected by much competition for passenger traffic.

402. Not in the case of suburban traffic?—That is exceptional; I am dealing with the thing generally. Exceptionally, very likely it is so, for instance, in the case of the Metropolitan Railway, and I am ready to admit that the Metropolitan Railway is in an exceptional position.

403. And railways situated similarly to the Metropolitan Railway?—Yes; I merely take that as an illustration.

Sir *Harcourt Johnstone.*

404. On the whole, instead of all this centralisation and complication that arises from it, would it not be far better to let the railway companies manage their business, and to put a per-centage tax upon their net profits?—That would be an additional income tax.

405. On the ground of its being a monopoly, but a restricted monopoly, would it not be safer on the whole to let them manage their affairs entirely for the benefit of the public, and also for the benefit of themselves, and to place a tax upon the net profits of the whole of the railways of the kingdom?—If the President of the Board of Trade thought that the public would be sufficiently protected, I should have no objection to that.

406. Should you have any fear of the public being unprotected?—I think not; because I think the self-interest of the companies, which is great, would tend in the same way to the benefit of the public.

Mr. *Samuda.*

407. With reference to the exemptions, it appears from the Paper which you have handed in that the revenue loses, speaking roughly, from 500,000*l.* to 750,000*l.* by the exemptions; when the decision of the House of Lords so changed the mode of collecting the tax that it practically abolished the exemptions in the case of a great number of trains, did the railway companies generally raise their fares to the public so as to meet the increased sum of money which they had to pay?—Some of the railway companies certainly did.

408. Did they generally raise them or not?—A great number of them did, but I really cannot say more than that.

409. Do you think that if the tax were abolished the effect would be materially to add to the number of passengers?—I do not think it would have the slightest effect.

Mr. *Sullivan.*

410. The exemption was at first allowed in recompense for a certain advantage which Parliament concurred that it was necessary to secure to the poorer classes, was it not?—Yes.

411. And Parliament naturally imagined that in asking the companies to carry the poorer classes at 1 *d.* a mile, the companies would be enduring something of a loss or a hardship?—That is so.

412. But the contrary is now the case; and, as a matter of fact, so far from the companies enduring hardships, that class of passenger traffic pays as well, if not better than other traffic, does it not?—I believe that it is so.

413. Then the exemption, so far as it is now obtained, is now employed without a corresponding disadvantage, but rather an advantage, is it not?—Undoubtedly; and that was my reason for saying that the law was obsolete.

Lord *Claud Hamilton.*

414. But at the same time companies have to suffer many indirect disadvantages from the carriage of this third-class traffic stopping at every station, have they not?—I perfectly follow you, but I still think that they would do it voluntarily if the obligation under the Cheap Trains Act were at an end.

Chairman.

415. I presume that you give these opinions upon railway economy and policy with some diffidence?—Of course I do. I am anxious to give answers to the questions put to me.

416. You merely give your opinion upon this matter as one of the public, I presume?—With less confidence than you yourself would.

417. Did you say you thought that this exemption given under the Cheap Trains Act had operated in favour of the public, or not?—I think the obligation worked in favour of the public as long as it was an obligation, as long as it worked at all; and therefore that exemption, which followed as a matter of course upon it, also operated; but I do not think that the exemption had, by itself, any operation at all.

418. But the exemption and the obligation were part of one whole, were they not?—No doubt.

419. Therefore the obligation and the exemption together have worked beneficially?—No doubt.

420. Did I correctly understand you to say that you think it would make no difference to the public whether the exemption existed or not?—To the travelling public, not a bit.

421. You said in answer to a question put to you by an honourable Member, that the railway companies, since 1844 up to 1867, had been asking for fresh powers and extensions of lines, investing their money with their eyes open and with a knowledge of what the law was; are you quite correct in that?—Perfectly so, as to the liability to the duty.

422. Is it not a fact that from 1844 to 1867 no one really knew what the law as to the exemption and the obligation was?—They knew the taxing law; the taxing law there was no doubt about.

423. But it appears from Captain Galton's Report which you put in, and from Mr. Gladstone's speech, that even they were not aware of what the effect of the Cheap Trains Act was?—That is perfectly true; but the Cheap Trains Act

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Chairman—continued.

was an exempting Act. There was no doubt about the *primâ facie* liability. With their eyes open they assumed a *primâ facie* liability to 5 per cent., however they might get out of it.

424. Is not this the state of things: that up to 1867 the railway companies were under the impression that the law was different, as affecting them, from what it has been since the late decisions?—They had several opportunities of knowing that their position was not very clear.

425. At all events the Board of Trade and the Board of Inland Revenue were ignorant of the law, or they did not apply it?—I will not say that they were ignorant of the law.

426. But you would say that they allowed matters to slumber from 1844 to 1867, and did not exact this money, if they knew that they had a right to it?—I think, as I have already stated, that the Board of Inland Revenue followed the course pursued by the Board of Trade. The Board of Trade had not a department commensurate with the growth of railways; and, therefore, as a matter of fact, the thing got into the state which Mr. Farrer explained in the passage which I have read from his evidence.

427. Whether the railways were large or small, were not the Board of Trade, from some cause or another, in ignorance of what the law really was until it was expounded by the late decision?—They were not in ignorance, certainly, until it was expounded by the late decision, because they were in accord with the Board of Inland Revenue as far back as the year 1869 upon the law.

428. From 1844 to 1869 were they not in ignorance?—I would not take it even as far back as 1844, because for many years it was strictly an obligation under the Cheap Trains Act, and the law was strictly followed I have no doubt, but for how long a period I cannot say. The only indication that I have as to the mistake in the law, is when attention was called to the excursion trains in the Report of 1855.

429. It was the question arising upon the excursion trains that first drew attention to the matter?—That is so.

430. You may call it accidental, or whatever you may please; but somehow or other everybody seems, up to that period, to have been in ignorance of what the precise law was?—No doubt that was so; the railway companies claimed exemption in respect of traffic which was carried under 1 *d.* a mile, irrespectively of stopping.

431. If, during that period, they were ignorant of the law, I do not quite understand your answer that the railway companies entered into all these undertakings, and did all these acts, with their eyes open?—I say that they did it with their eyes open as to a *primâ facie* liability to five per cent. upon their passenger receipts.

432. But not with a knowledge of the liability to the extent to which it now operates?—I will take it, if you please, with the qualification.

433. During the last 15 years, up to 1869 at all events, the metropolitan railways and the suburban railways have been in a much worse position with reference to this tax than what they could have anticipated, have they not?—That would seem to be so.

Mr. *Macdonald.*

434. You were asked, I think, a question as to whether it would not be better to put a tax upon the profits of railways; were you to put a tax upon the profits of railways would not that change the nature and character of the tax altogether?—Certainly it would, because it would be a tax upon net goods traffic as well.

Mr. *Macdonald*—continued.

435. It would be changing what the tax was first imposed for?—No doubt.

436. In other words it would be relieving those who have miscalculated in a commercial transaction, and giving them a benefit over those who have been more fortunate in making their calculations?—I think it would.

437. You have been asked whether the railway companies did not continue under the belief that there was no claim against them; and further, if it was not believed by the Board of Trade and the Board of Inland Revenue that there was not a claim when once the decision was given; was it not in virtue of a firm conviction that the law was not put into operation that you made the claim?—No doubt it was; I had no doubt whatever about the law when it first came before me.

438. It was not from a want of knowledge on your part?—Certainly not; I had nothing to do with it before 1866.

439. But when you came into office in 1866, had you any doubt in the matter, and was not the claim made in the belief that that tax ought to be paid?—Certainly; I had no doubt about the matter.

Chairman.

440. But up to that time the department were in ignorance on the point?—I supposed that the honourable Member's question was put as a personal question to me.

Mr. *Macdonald.*

441. From the moment that you made the claim, you were perfectly confident that you were justified in making the claim?—Yes, I was as confident as one can be.

Chairman.

442. But during the time from 1844 up to 1867 or 1869, until somebody raised this question which seems to have arisen upon the excursion trains, you were asleep upon the question, were you not?—I may mention that there is plenty of indication in the papers, and proceedings before the courts that this question had been raised. If the Committee will refer to the Oxford, Worcester, and Wolverhampton case in the Court of Exchequer in 1862, they will see that the Board of Inland Revenue were not asleep upon the question.

443. But they got no decided answer, did they?—There was a judgment in favour of the Crown in that case. The question arose there as to who was the accountable party of two railway companies; and these questions were not actually decided, but they were touched upon by the court in 1862.

444. I think that you are a little mistaken in the dates. When was the first time at which there was a decision with regard to the interpretation of this Act?—I think it was in 1862; the Court of Exchequer decided it in the Oxford, Worcester, and Wolverhampton case; and they went into the question upon the interpretation of this Act.

445. But they did not decide this particular question, did they?—They did not decide this particular question, but they went into the ques-

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Mr. *Melvill.*

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Chairman—continued.

tion of the Act, and they went sufficiently fully into it to have opened any railway company's mind as to the interpretation of it.

446. If it opened the railway company's mind, why did it not open the mind of the public departments?—Because, as I have explained as well as I could, the Inland Revenue did not like the conflict between two departments; I may say that that was the greatest difficulty that I had in the litigation.

447. You say that the law was stated in 1862; why did not the Board of Trade put it in force?—Because, as Mr. Farrer says. the Board of Trade found it impossible to check the Companies' Train Bills.

448. They did not find it so impossible, did they, after the decision was given?—I do not even know that they checked the books at all. We look into the question now.

449. Why was it more difficult to do it in one particular year than in another?—That is more than I can answer.

Sir *Harcourt Johnstone.*

450. You do not like to be responsible for the faults of another department?—I will not put it as a fault; it was a very difficult duty to discharge.

451. Does not this lead you to what I suggested, that is to say, that it would be far simpler to impose a tax (call it an income tax or what you like), than to tax what is practically a monopoly in the country?—I think that you would commit a mistake in putting it upon the net general receipts. The reason which I give is this: that in the case of such a railway as the Taff Vale, almost all the traffic of which is mineral traffic, you would be throwing an additional burden upon them; and your object would be just as well attained, I think, by throwing it upon the net passenger receipts. Therefore, I think, that it would be better to keep the subject-matter of the tax as it is, namely, passenger receipts.

452. You do not estimate, of course, in an

Sir *Harcourt Johnstone*—continued.

income tax what a man gets his income from so much as the aggregate of his income?—Quite so; and then it would be a tax upon a part of the company's income and not upon the whole.

Lord *Claud Hamilton.*

453. Has not the tendency of recent legislation been to remove all taxes on locomotion?—No doubt.

454. The tendency of recent legislation has not been to remove the income tax, has it?—That is so; but this I understand is a shifting of the burden.

Mr. *Macdonald.*

455. The class of locomotion from which taxes have been removed was not of the character of railways, was it?—Certainly not: no question of monopoly or of statutory power enters into it at all. Those forms of locomotion upon which the taxes have been remitted had nothing whatever to do with the statute.

456. They had no protection?—No.

Chairman.

457. Were tramways ever subject to the tax?—Yes, they were subject to ordinary tax for their horses and their carriages.

458. Were the tramways which were sanctioned either by Provisional Order or by Act, subject to any tax for locomotion at all?—Yes; they had to pay the stage carriage duties for vehicles drawn by horses upon an ordinary road.

Mr. *Arthur Peel.*

459. There are no exemptions, of course, in their case?—None.

Chairman.

460. Now they are exempt, are they not?—Now there is no question of exemption at all. They are now only liable, the horse duty being repealed, for two guineas for each carriage; I do not know whether they pay the 2 *l.* for police supervision.

Mr. CHARLES HENRY PARKES, called in; and Examined.

Chairman.

Mr. *Parkes.*

461. YOU are the Chairman of the Great Eastern Railway Company?—I am.

462. You have been so for some few years I think?—I have been chairman for about a year-and-a-half; when I retired from my profession, I joined the Great Eastern Board at the instance of Lord Salisbury, and I have been acquainted with the Great Eastern system for six or seven years.

463. I believe that previously to that you had a very extensive practice as a Parliamentary agent in connection with Railway Bills and Acts of Parliament?—Yes; and not only with Railway Bills, but with most of the great industries of the country, such as those of the coal owners and iron masters, whose interests I represented in their Parliamentary business.

464. Your attention had been drawn to the clause of 7 & 8 Vict. c. 85, which has been recently the subject of decision in the courts of law, has it not?—It has; and it has been drawn

Chairman—continued.

practically to its operation upon the railway companies, and the effect of that decision upon the present working of our lines.

465. Both directly and indirectly?—Both directly and indirectly.

466. I think, perhaps, it would be convenient if, before you gave your evidence, you stated what the law under the Act of 7 & 8 Vict. is with reference to the stopping of trains, and the conditions imposed upon the companies now?—According to the decision, as we now have it, there are various things which are necessary to be done in respect of trains for which you claim the exemption when the fares are one penny per mile or under. First, that the trains should stop at all stations; secondly, that they should be at stated times running for six days of the week; and thirdly, that all the conditons, as regards luggage and otherwise, should be applied to all those trains whatever might be the class of passengers taken by them; and that they should run from end to end. Those, I think, are the

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Chairman—continued.

great points, though there are some subsidiary points to which we may come afterwards.

467. The fare must be 1*d.* a mile between all stations but two, must it not?—It must be 1*d.* a mile throughout. But between two stations which are, say a mile and 78 chains, or just under two miles, apart, you can only charge 1½*d.*; the 38 chains beyond the half mile would not carry any fare at all. That is another point which is under the clause. We knew that previously to that decision; it was not expressly operated upon by the decision.

468. If you go beyond that 1*d.* per mile, that vitiates the whole of the service, does it not?—If there is anything that goes beyond that 1*d.* per mile, it vitiates that train service for all purposes. It does not become a cheap train within the meaning of this Act, unless you comply with all the conditions.

469. We also know that the trains must be run from end to end of the main line or branch?—That is so under the decision as it stands; but that being impossible to deal with, there has been a sort of a sectional cutting up of the lines, with a view to the arrangements of the cheap train service.

470. The illustration which was given by Mr. Melvill, I think, was a train from London to Watford; that is in your opinion, I presume, not a train coming within the meaning of the Act, being run from end to end of the line, although it runs from terminus to terminus?—It is not strictly within the terms of the decision, as decisions and Acts of Parliament should be construed. The clause is inapplicable as it at present stands, the lines being of such length that a train could by no means compass the whole length within a reasonable time, stopping at every station, seeing that stopping at every station implies great slowness of trains and constant slacking of speed and making it up again.

471. Then the trains, as available for return tickets, must stop at every station, must they not?—Yes, they must stop also at every station.

472. Are return tickets recognised?—Return tickets are not recognised, unless the single fare is 1*d.* or under. If we give a third-class return, as we do at 2*d.* a mile (I will explain that directly), we should not get exemption in respect of that ticket, unless the single fare was 1*d.* a mile, and unless all the other conditions were complied with. In our district we have added on, for the long line traffic, ·10*d.* of a penny to the 2*d.*, so as to carry the duty.

473. It results in this, then; that the Parliamentary passengers are all chargeable if the train ceases to stop at every station?—That is so.

474. With regard to workmen's tickets, what is the practice?—Upon the workmen's tickets they claim that we should pay, unless all the other conditions are complied with, and unless we carry the passengers with luggage. Practically, on all our suburban lines, we comply with all the conditions, and we have thrown in the question of luggage, and we do not object to carrying the workmen's luggage; so that, although the exemption was disputed, we now get exempted in respect of our workmen's tickets; but they dispute the exemption unless all the other conditions are complied with.

475. Can you issue eight-day tickets under the exemption?—Eight-day tickets, returnable, so that the holders of them may get to the sea side,

Chairman—continued.

are a very important thing for the working classes. The Inland Revenue object to those; they consider them as season tickets; they also object to our cheap third-class return tickets for our suburban workmen to such places as Walthamstow, unless all the other conditions are complied with; they say that those are season tickets.

476. What is the effect of that objection as regards the people who would use those trains, and avail themselves of such tickets if you could grant them?—We have to pay for some of them; but we have been obliged to arrange our train services so that our different branch lines may get the exemptions. Our fares all being for the third class under the penny, both single and return, we have been compelled to stop at every station, although it is very detrimental to the traffic of the district, and will have, if persisted in, the effect of stopping the development of outside London, as I will explain in a few minutes.

477. Before you explain that will you state what are the suburban lines of the Great Eastern Railway?—We have a line which leads to Enfield from Liverpool-street by Hackney Downs. That line has a very large number of stations for the benefit of all the surrounding villages and places which are springing up in the vicinity of the stations, such as Edmonton, Tottenham, Enfield, and other places. We run all our trains along that line, complying with all the conditions except one, and that illustrates what we are obliged to do. One train, morning and evening, has to bring those who desire to come to town tolerably quickly, and we run that as a first and second class train only both ways. If we ran it as a third-class train, and took the third-class passengers by that train, we should destroy our exemption; therefore we run it as a special train for first and second class only.

478. Practically it amounts to this: that, in consequence of the loss of the exemption which would be entailed by your running a third-class with that first and second class train, the people are deprived of that advantage?—Yes.

479. And you are obliged to run a special third-class train, which stops at every station?—All our other trains on that line stop at every station.

480. If you ran third-class passengers in that train with the first and second class passengers, you would get no exemption?—We should get no exemption at all. I do not mean to say that that is intended to be pushed by the Board of Inland Revenue to that extent, but that is the law as we understand it; and you cannot deal with these matters with any safety under the law as it now stands, except in that way.

481. Does that increase the expense of working the traffic on your line?—No, but it prevents London extending beyond; because, if London is to extend beyond a certain distance, you must convey the people up to town within a reasonable time; and if they are to stop in a 12-mile journey at every station, and there are numerous stations, it makes the journey so long that suburban residences become impossible beyond, especially for the poorer class of people. They cannot afford the time to spend on the railway, and that is stopping the development of many suburban places; because we must either forfeit

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the exemption, or else we must give them trains and run the risk, and wait for the development of those different places before we could get remunerative traffic.

482. Is it not the case that this very necessity which the law imposes multiplies your train service for the benefit of the public?—No, it does not multiply our train service so much, but it stops the people from the farthest station from getting to London more quickly. We should still run a certain number of trains to carry all the traffic, but it does not multiply the train service.

Mr. *Samuda.*

483. But if you would run your long train service without stopping, you would have to put other trains on to deal with the intermediate traffic, would you not?—Yes; that is what I was coming to. I will take the instance of Walthamstow; Walthamstow is probably known as a place where a great many of the working classes of London have gone to live, and there is very large third-class traffic there. We have been pressed on account of the mass of people going out together at the same time, generally morning and evening, to give better accommodation; and the idea was to run quicker trains to a certain point, and then to begin stopping, so as to carry the more distant persons and ease the intermediate traffic, which is very heavy at some periods of the day. But you cannot do that unless you are prepared to put yourselves at the mercy of the Inland Revenue, and forfeit your exemption by that service. That is, practically, the effect on the management of the traffic.

Chairman.

484. Is there another indirect disadvantage arising from this stopping; that is to say, that it dislocates and interferes with your long traffic?—Very much indeed. I am quite sure that unless this matter receives due consideration, unless the companies are prepared to pay the whole duty, which I do not think that we are prepared to do (at least, my company are too poor to do it), you must expect that a stoppage will be put to that development of London outside, which has been taking place at such an enormous rate. The farther you get out the greater the the area of the land and the cheaper the land; and it is most important that the development should not be stopped by mere financial considertions for maintaining the public revenue, which do not involve any very large sum of money.

485. Are you aware of the terms, if I may so speak, upon which the workmen's tickets were originally instituted?—The original idea, I think, commenced with the late Lord Derby. I was not in the first instance a party to it, but subsequently, while I was acting for the Metropolitan Railway Company, the matter came up again and was discussed thoroughly. A restriction upon the liability in case of accident was asked for to the extent of 100 *l.* for each passenger; but it was assumed at that time that we should not pay the passenger duty, and therefore the claim of the Inland Revenue against the railway companies for workmen's tickets would be contrary to the whole principle upon which the railway companies undertook to issue the workmen's tickets.

486. At all events, in this particular instance which you have mentioned, the eyes, neither of

Chairman—continued.

the railway company nor of Parliament, were open to what the law really was upon this subject?—This matter, having been before me for many years (because, of course, in my professional career the Cheap Trains Act was constantly before me), I certainly always imagined that the Board of Trade had not only a full dispensing power under that Act as regards the conditions which were mentioned *seriatim*, but a general dispensing power as regards the whole of that section for such trains as they desired. That was the general impression, and, indeed, the universal impression amongst all those engaged in railway business up to the time when the first dispute took place with the North London Company; and all our Acts of Parliament were passed upon the faith of that impression.

487. Are you prepared to say whether, if the law had been ascertained then to be what it is known to be now, some alteration might not have been introduced in these Acts?—I think that when the Government took up this question, and decided against the railway companies, they ought to have considered the circumstances under which the Acts had been obtained from 1844 to 1867, and to have made some alteration which would have done justice to the railway companies, who have obtained their Acts under a different impression.

488. You are prevented now from giving full effect to the workmen's trains, are you not?—No; we give full effect to the workmen's trains, because we have complied now with all the conditions, and we run many more workmen's trains than we are under any obligation to run.

489. And you get the exemption?—We get the exemption. We let them take luggage, and we stop at every station and comply with all the conditions.

490. I believe that this Act affects different lines in different degrees, does it not?—It not only affects different lines in different degrees, but it also affects the same lines in several ways. Take those conveyances which we have in competition with us in the metropolis; namely, the omnibuses, the tramways, and the steamboats. Our line runs to many places on the Thames to which we have serious steamboat competition; we have also tramways running down the principal thoroughfares of the metropolis, chiefly at the East end of London. If the railways are monopolies the tramways are too, for they occupy the centre of the principal thoroughfares, and no other tramway could be put down alongside of them. They are independent of the duty, whereas we are handicapped by the duty which we have to pay in respect of all these passengers even if we are under the 1 *d.* a mile, unless we choose to comply with all the conditions of the Act. But we are unable on some of our lines, on account of the immense amount of traffic upon them, to comply with those conditions. For instance, on the London and Blackwall railway, which is a great business line and where there is a very large amount of traffic, we are unable to comply with those conditions, because we could not work our trains if we complied with the conditions. Upon that line, which really ought to be exempt, we are obliged to pay the tax out of our own pockets.

491. What is the tramway charge per mile?—The tramways have a graduated rate. I think that, to Stepney, we charge the same for a single ticket,

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Chairman—continued.

ticket, but that a return ticket on the railway is less.

Mr. *Samuda.*

492. It would not be above 1 *d.* a mile, would it?—I think about that. We charge third-class passengers 3 *d.* for a return ticket for a little over two miles; and the tramway charge is 2 *d.*, and no return ticket. The return ticket is the great pull that we get against the tramways.

Chairman.

493. Why on this Blackwall line are not the cheap trains put in force?—Because the traffic is so enormous upon it that we cannot run our trains, stopping at all stations.

Mr. *Samuda.*

494. But you do?—Not all. On the Blackwall line, proper, we do, but we do not stop at Shadwell with the Burdett-road trains. Some of our fares we cannot make exactly fit into the other fares, so as to make them under 1 *d.* a mile. Unless it exactly fits into the fare arrangements of the Act we do not get exemption.

Chairman.

495. At all events you do not accept the theory or statement that railway companies, in this particular instance, are monopolists, and are not subject to competition?—In one sense we may be said to be monopolists, because we have got pretty nearly the whole of the traffic in certain districts; but in the suburban and urban districts of London the railway companies are not monopolists, because they have got competition with them on all sides for the passenger traffic.

496. I think you stated that in your scale of fares you added the passenger duty?—That is outside our local traffic; beyond 20 miles.

497. What is the amount?—For the third-class passenger we add the 5 per cent., that is 0·10 of 1 *d.* on a 2 *d.* return ticket. One-fifth of a penny is added to every penny.

498. Has that alteration been made since the recent decision?—No; our fares were formerly higher. When we opened our line to Liverpool-street, there was a large revision of fares, and then it was considered upon what basis the fares should be taken, and the fares were taken upon the basis $2\frac{1}{10}$ *d.* for a return third-class passenger.

499. Outside the suburban district, what is the rate of third-class return tickets?—Twopence and one-tenth.

500. What distance does that extend?—To Norwich and all the other districts; except that where some of the towns and districts have exceptional advantages, they are charged as the crow flies, and then the rate is much under that scale.

501. What are the amounts which the Great Eastern Company has paid since 1871 for passenger duty?—In 1871 we paid 30,143 *l.*, and it mounted up, partly in consequence of the increase of traffic, but principally from an alteration made in the mode of assessing the duty on account of the decision, to 43,366 *l.* in 1875.

502. What was the amount in 1874?—It was 36,969 *l.* in 1874.

503. Then there was a jump from 36,000 *l.* to 43,000 *l*; I presume that that was in consequence

Chairman—continued.

of the altered interpretation of the law?—That was so. There was something, but not much, due to a slight increase of traffic.

504. The Enfield, Wathamstow, Forest Gate, and Woolwich lines are what you call your suburban lines, are they not?—Yes.

505. Can you state what is the value of the exemptions on those lines?—The value of the exemption on the Enfield line is about 3,000 *l.*; on the Walthamstow line it is about 1,156 *l.*; on the Woolwich line it is 1,854 *l.*

506. Have you the value of the exemption on the Gravesend line?—No, that is the Tilbury line; that is not worked by us now; it is worked by a separate company. I am one of the executive committee, but I have not got the particulars about it.

507. You have given these details as to the effect of this law upon your particular lines. What are your views generally with regard to this tax?—First of all, as regards the tax itself; of course there is the argument that anyone may use as to the general policy of a tax upon locomotion. I myself think that a tax upon locomotion is the same as a tax upon any article of primary necessity, and that it should be consigned to the same category, which is repeal. You have repealed the taxes upon almost all articles, such as glass and bricks, and other things of that kind; and I think that a tax upon locomotion stands in very nearly the same position as those taxes. As regards the present position of the matter, and the contentions with the Inland Revenue which we have, although I ought to say that the Inland Revenue do the best they can to enable us to prepare the accounts for them, it is a most complicated and difficult subject. With reference to the present effect of the tax, I think it is most prejudicial to the public. It has this operation also, that it indisposes companies to make additional stations; because even if there is a growing place, the exemption being dependent upon the train stopping at every station, until the place has grown and makes it worth while, you either impose upon the travelling public an additional delay or else you have to stand the burden of the tax and pay the whole tax for that branch until the station becomes remunerative, if it ever does become so. Therefore you indispose the company to make new stations, even where they may be wanted.

508. The companies do attach value to these exemptions, do they not?—They amount to a very large sum, and the Great Eastern Company have a very great difficulty in the matter. If we were to lose the exemption we should nearly begin to trench again upon our preference shareholders. We sometimes cannot pay our preference shareholders, and we are bound to do the best we can to get as much as we can for our shareholders on that account. We are not a rich company, but a poor company.

509. You put it now from the shareholders' point of view. With reference to the public point of view, if you gained the dispensation which you seek from these inconveniences which attend the working of your railway, do you think that the public would be gainers also?—I do indeed. I think we have no idea what London may be made to produce in the way of traffic upon the railways if properly developed; and that this tax is a sort of bit of grit in the machinery which keeps the working of railways

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Chairman—continued.

from being placed in such a position as to produce the greatest amount of advantage to the general public. I am quite sure that we might do much more for the public, and that we might develope the traffic much more largely, and that ten years hence we shall be surprised at the large development of traffic that has taken place. Of course, it takes off from the net profit; railways derive from passengers something like 10 per cent.; because it is 5 per cent. upon the gross passenger traffic, and it is a serious consideration to railway companies.

510. It has been suggested here and elsewhere, I may say, that if this tax were taken off it would simply be putting so many pounds, shillings, and pence into the pockets of the railway companies?—That would not be so as regards our distant traffic beyond Brentwood on one side and Broxbourne on the other, because the tax is now charged with the fare, and if all penny-a-mile fares were exempt we should have no object, of course, in maintaining the ·10*d.* which we have put on the fare, but should reduce it at once. That would at once go into the pockets of the travelling public, and it would be a very great relief to us in this way, that we are obliged to make the change somewhere between our suburban and main line, and the passengers from stations that are beyond the point of change do not understand why they should be charged at a higher rate than the charge on what we call the service nearer London, therefore we have many complaints upon that subject; but, at the same time, we cannot afford to pay the tax ourselves. As regards the suburban traffic we are obliged to pay the tax out of our own pocket, because we have the competition of other conveyances, and we cannot charge above a certain amount for our fares unless we wish the trade to go into their hands partially again.

511. Therefore, supposing that the law were altered, and the penny fares were to be exempt from passenger duty, it would be to some extent a boon, I suppose?—It would be a very great boon if all fares which were charged at a 1*d.* a mile or under, whether single or return, were exempt from duty. That would not only be a boon to the railway companies, but also a boon to the travelling public.

512. The public would get a better service?—The public would get a better service, and we should not have all these devices to arrange our trains with a view of getting exemption, but we should give the public the best service we could under the circumstances.

Mr. *Arthur Peel.*

513. Which Act was it that you said operated against the development of London into the suburbs?—I said that the present construction put upon the Cheap Trains Act either forced the company to give up the exemption upon its branches, or else to stop the trains at every station, which by the length of time which the journey occupied operates to prevent the development of London beyond a certain distance.

514. Under the interpretation which has been put upon the Cheap Trains Act, you think that the cheap trains have been less beneficial to working men than they otherwise would have been?—I think so.

515. I want to follow out that argument; I do not quite see the reasoning. How does one train each way, putting workmen down at each station, either interfere with the development of London, or make beneficial arrangements difficult for working men?—I did not say so; I think you must have misunderstood me.

Mr. *Arthur Peel*—continued.

516. Is that the deduction to be drawn?—No, what I said was this: that you must stop all your traffic at every station.

517. For one train?—No; for all the trains.

518. Therefore, it comes to this, that it is your desire to get exemptions?—Certainly.

519. It is not the operation of the Act?—If you choose to give up all exemptions, of course you may do what you like; but inasmuch as the exemptions amount to a very considerable figure, the company that I represent are not prepared to give up those exemptions, if they can get them.

520. And your self-interest would not induce you to run other trains not exactly complying with the conditions of the Cheap Trains Act?—Our self-interest would, if we did not lose more by them than we should gain.

521. You say that your company are too poor to pay the full duty, that is to say, the 5 per cent.?—Our company is too poor to pay the full duty upon the whole of our receipts.

522. Therefore, your object is to get as many trains within the exemption of the Cheap Trains Act as possible?—Certainly.

523. I understood you to say that there was a wrong impression prevalent as to the interpretation of the Cheap Trains Act; and that all the Acts of Parliament which I suppose your Company and other companies have obtained from the year 1844 to 1867, have been obtained under a wrong impression; in what sense would they have been different if the impression had been a right one instead of a wrong one?—The impression under which they were obtained was, that they would be allowed certain fares by Parliament, and that in respect of certain trains from which a large amount of traffic was to be expected, they would be exempted from the passenger duty, and that, therefore, they would get so much more profit out of the line than it appears by the recent decision they were entitled to get. Therefore, they were under the impression that they were to have more from Parliament than they actually get.

524. They acted upon the faith of the dispensing power to be exercised by the Board of Trade?—They did so.

Mr. *Macdonald.*

525. You have just stated that there would not be the same amount of profit on the working in London; are we to understand from that, that this claim of exemption from the duty is really a question of profit?—It is all pounds, shillings, and pence from beginning to end.

526. It is not a question as between the public and the duty, but a question between a corporation and its profit?—Not strictly so. If the railway company is prepared to give up the profit, of course, it may do as it likes; but if it is not prepared to give up the profit, and says, "We are entitled to this profit, and therefore we are not prepared to give it up," then the tax acts prejudicially to the public; because it obliges the company to do things which damnify the public service, or rather, they do not give those full advantages

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Mr. *Macdonald*—continued.

vantages to the public which they might give if they were relieved from the duty altogether.

527. You said that they would be benefited if this duty were done away with; would you tell us how the public would be benefited if you were left to make what charges you thought fit?—First of all you must understand the position of the question with regard to the duty. If you issue a third-class return ticket to a man, you must either limit him to return by certain trains which comply with the conditions, or, if you give him a third-class return ticket which is available by any train, and which it is for the benefit of the public that he should have, because he can select his own time, then you oblige the railway company to pay the tax, because the exemption does not apply to that ticket. If you repeal the tax altogether, you give the opportunity to the railway companies of arranging their services as they please. They would probably issue third-class season tickets at reduced rates to many of the places where they wished to develope the traffic, and they would act, as any men would do who had an unrestricted power of acting, to the best advantage, to make the most net profit that they could for their shareholders. But now, when you put to them one of two things, either to pay the duty out of your own pockets or restrict the traffic, the tendency is to restrict the traffic to the disadvantage of the public rather than to pay the duty.

528. But that resolves itself back into this. Would you, if your profits were not increased, make any deduction whatever from the fares in favour of the public?—Certainly. The fares, as I have explained, include the 2*d.* per mile that I mentioned and the tenth of a penny besides. Now the tenth of a penny represents the duty. Our object is to get as much traffic as we can; the lower the fare the more the traffic. If we got exemption from the duty, we should take off the tenth of a penny. We should benefit the public by giving the public the advantage of the reduction; and we ourselves should benefit, on the other hand, by having so much more traffic as would be produced by the cheapness of the fare.

529. Have you not told the Committee before that your traffic was so great that you have difficulty now in carrying it on?—No; I said that that was so on one particular line, part of the Blackwall line. I may mention that on the Blackwall line proper we stop at every station; but on the other parts of the line to which I referred we pay the duty, because the nature of our traffic would not enable us to perform all the conditions. The traffic is not so great but what we could improve the service very much indeed, and carry very much more traffic.

530. Supposing that this duty on locomotion were entirely repealed, you offer no material guarantee that there would be a corresponding advantage to the travelling public?—I can only offer the guarantee of self-interest. Commercial principles would apply in that case. Our fares are not the maximum Parliamentary fares; our fares have been based upon that which will produce the largest amount of traffic upon our line, and therefore the largest amount of net profit. The duty is superadded to certain of those fares, because we cannot afford to pay so much out of our net profits as 5 per cent. upon the gross passenger traffic.

Mr. *Macdonald*—continued.

Mr. *Parkes.*

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531. And if you had not increased profits you would increase the fares?—That is against my experience. Of course, there is a sum below which you cannot go, because it is not worth your while; but wherever you can diminish the fares you increase the traffic, and the policy is to get the largest amount of traffic with such a fare as will produce the largest amount of revenue. A low fare produces, as a general rule, the largest amount of revenue that you can have, and therefore the commercial principle applies; and you are able to rely upon the commercial principle for the conduct of railway undertakings without any Parliamentary restriction upon them.

532. But you are aware that these provisions are provisions that the ordinary public do not have, and that the tax is imposed in virtue of those obligations which you have entered into?—I think not. I think that there is a mistake made in supposing that the tax was imposed in virtue of those obligations. The tax was imposed as a substitute, or as an adjustment for the benefit of the stage coaches. At the time of stage coaches being taxed railway travelling was also taxed by the same mode of taxation to which the stage coaches were then subject. When the tax upon stage coaches was removed I say that the tax ought to have been removed on railways, inasmuch as they both depended upon the same principle. I remember the whole subject, and I never heard it stated that it was on account of the monopoly of railways that the tax was imposed.

533. But is it not a fact that railway companies every day appear and oppose other Bills that are presented for the purpose of opening up a district in virtue of the provisions which they have got, and in virtue of services which they are to render?—Not in the sense in which you say that. The railway companies oppose when they are specially affected by some particular object of the Bill. There are certain Standing Orders which regulate the grounds upon which railway companies may oppose; if the railway companies do not come within the terms of those Standing Orders the parties who are promoting the Bill may object to their *locus standi*, and they constantly take them before the referees and the *locus standi* is refused. So that the special grounds of monopoly would never be allowed that I know of; at all events I never remember having seen the mere fact of the monopoly of a district being allowed to give a *locus standi* to any railway company.

Mr. *Ashley.*

534. Of course your company was started and got its Parliamentary powers since the Taxing Act of 1842?—The original company was started in 1836.

535. You said just now that you calculated the cost of the present duty to your company at 10 per cent. upon the gross and 5 per cent. upon passengers; was not that a mistake of yours?—It is 10 per cent. upon the net receipts upon passengers, and 5 per cent. upon the gross, taking the net receipts as 50 per cent. of the gross receipts.

536. The objections that you have made in your evidence as to the evil effects of the exemptions, such as not constructing stations, and the difficulty of stopping trains at stations, and

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Mr. *Ashley*—continued.

so on, really go to the conditions of the exemptions, do they not?—They go to the conditions of the exemptions.

537. Therefore it seems to me that you would be satisfied if the exemptions were entirely done away with, and an uniform per-centage charged which would represent the sum of money that you now pay?—No, not that we now pay. Of course I make no suggestion of that kind, because that is a matter entirely for the Committe; but what I say is this: that the bulk of the Acts of Parliament were taken upon the faith of the former construction of the law, and if there is any modification of that kind, it should be based upon the sum paid previously to the alteration by the recent decision, which would have been paid under the former construction of the law, and not upon the sum now paid.

538. You see that that is now, since the decision of the courts, an erroneous construction of the law?—That is true, but it was a construction which they all agreed in for a long period of time. The Board of Inland Revenue came, year after year, and investigated the accounts, and were satisfied with all that was done; the Board of Trade were satisfied also, and no question was raised, although, perhaps, a wrong construction was adopted for about 23 years; it might have been for 50 years.

539. Can you state, off-hand, whether what you pay now bears about the same proportion, or a much larger proportion, to your income than it did 23 years ago under the old construction of the law?—I cannot speak as to 23 years ago, but the immediate effect of the alteration was to raise our payment nearly 40 per cent.

540. Taking the starting point of that period, during which you paid a less sum, under an erroneous construction of the law, is what you pay now in a larger proportion to your receipts?—I should think very much larger, but I cannot say off-hand. Although the value of money alters, the tendency of everything as regards railways is to lower the prices charged to the public, and the only enhancement of profit that you can get is by making the public travel more. That is the problem that the railway companies have to solve; and when you impose upon them a passenger duty of 5 per cent. like this, you make the problem so much more difficult.

541. You have expressed an opinion very hostile to taxes upon locomotion; why do you feel that hostility to taxes upon locomotion; is it because you look upon locomotion as a necessary of life?—It is partly. Here you have in London nearly four millions of inhabitants, and you will have very nearly five millions of inhabitants within a very short time. You must give them egress somewhere; it is becoming more and more a necessity. Directly you put a tax upon locomotion, by so much do you aggravate the difficulties in the way of the railway companies giving them egress. I do hope that the time will come when facilities will be giving to the working men of the metropolis to get to the sea side with their families, and a much larger traffic produced; but so long as you maintain a tax upon locomotion, you prevent those facilities being given by the railway companies in the way I should like. They are now attacking us upon the subject of our eight-day cheap tickets to the sea side; that they say they are excursion-

Mr. *Ashley*—continued.

tickets, or season-tickets, and that therefore we must pay upon them. In that way you increase our difficulty in dealing with that class of traffic, which might be developed to an enormous extent. I say that no one knows the extent to which we might develope traffic, in respect of the sea side, if we were left to our own devices instead of having to pay this tax.

Mr. *Leighton.*

542. I do not quite understand the expression "workmen's trains;" is this something in your Act specially?—Yes; in our Act we have an obligation to run one train from Edmonton and one train from Walthamstow in the morning, and a return train in the evening at times, to be regulated by the Board of Trade. In reality we run three trains from Enfield, which is upon the other side of Edmonton, in the morning, and we allow the workmen to return by any train they like after four o'clock on five week days, and two o'clock on a Saturday.

543. Is the necessity of having some workmen's trains in your Act of Parliament?—It is.

544. That has nothing to do with the old Act about exemption?—No.

545. You find, notwithstanding that obligation in the Act, that it is more to your advantage to run a number of trains?—We do; that is to say, we like to accommodate the public. We do not do these things entirely from philanthropy; it is not a profitable traffic.

546. There are numbers of suburban houses at Enfield and Walthamstow; are those the places which your workmen's trains serve?—Yes; Walthamstow more particularly.

547. What sort of rent is paid for the majority of those houses?—They are small houses; some of the class that live there are day labourers.

548. Do they pay 10*l.* for their houses?—Yes, somewhere about that.

549. They are not persons for whom it is desirable for the Government to give special advantages, are they?—No, I think not. I think they could pay it for themselves. We also, for Walthamstow, issue third-class season tickets at 13*s.* a month, I think it is, and then they go and return at any time of the day. We have not extended it, because they said that those tickets were liable to passenger duty, and Walthamstow is the only place. We should have taken it off Walthamstow when the passenger duty was claimed, but inasmuch as many persons had built their houses there, or occupied houses with the understanding that they would get those tickets, I do not think it fair that it should be taken off.

Chairman.

550. What is the average difference to them between 13*s.* and the ordinary fare, supposing that they come constantly backwards and forwards?—I think that 10*d.* is a return ticket, and 13*s.* a month would be 6*d.* a day; so that the difference would be about 4*d.*

Mr. *Samuda.*

551. What is the distance that they go for that?—Thirteen miles; 6½ miles each way.

Mr. *Leighton.*

552. You said that one of your objections to the tax was on account of its preventing the development of London; do you think that it is desirable

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Mr. *Leighton*—continued.

desirable for railways to come first to the place and then for the town to come to them, or do you think that it is the business of railways to come to a locality where there is a population?—They tell me that they will not build unless they get the security of a train service which they feel sure would be adequate for bringing them to London; and therefore the railway company must not only make its railway but put its train service on before you can get persons to embark in building operations.

553. In that case I presume that wherever you found that the builders were going to build, it would be your object to go there?—In the meantime we lose probably 2,000 *l.* or 3,000 *l.* a year in the exemptions if we are to run quick trains from those places, and we should get very few passengers. We not only get few passengers, but we have to give up the exemptions.

554. You think on the whole that it is better for a railway to come first to a place than to wait for a town, and then to follow it?—I do not think that you would get a builder to come to a place unless you had a railway there first.

555. You think that the tax is injurious to the public; part of your railway pays the tax and part of it does not; is the service on the Blackwall line worse than the service elsewhere?—No, I think not.

556. On the Blackwall line you pay the duty, do you not?—Yes.

557. On the other part of the line you do not pay the duty, but you get the exemption?—Yes.

558. Therefore so far as that instance goes the public are as well served where you pay the duty as where you do not?—Yes, that is our loss.

559. But on traffic to greater distances you have put a duty of 5 per cent., have you not?—It is not quite putting on a duty of 5 per cent. We were authorised to charge to the extent of our maximum fares, and when we re-arranged our fares we took the duty into consideration and fixed our fares at such and such a rate, which included the duty.

560. The result is that in the more distant traffic you have thrown the payment of the duty upon the public?—Yes.

561. The reason is because upon those lines you have a monopoly; is not that so?—That may be true in that sense.

562. But did you not tell us that the reason why you did not do it at Blackwall is that at Blackwall you are not monopolists, but at those places a little further off, being monopolists, you are able to throw it upon the public?—At the same time we lowered our fares very much.

563. Still the reason why you did not put it on at Blackwall is because of the competition; and the reason why you are able to throw it upon the public for more distant traffic is that there is no competition; and therefore it is the competition, and not the duty, which affects the public; is not that so?—I do not see that.

564. Where there is competition the fares are low, and where there is not competition the fares are high, quite apart from the question of duty?—Where there is competition we pay the tax, and where there is no competition no doubt it comes upon the public.

565. The company pays the tax where there is competition, and the public pays the tax where there is not?—It is a great object to us to lower the fare if we possibly could, so as to get more traffic.

Mr. *Parkes.*

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566. You have got as much traffic as you can manage on the Blackwall line, have you not?—On the Blackwall line proper we cannot comply with the conditions which would give us exemption; that is to say, on the Blackwall line between Stepney and Fenchurch-street.

567. Could you possibly put more traffic and an increased service of trains on the Blackwall line?—That I cannot quite say; we are in dispute about that matter now.

568. You told us that the increase of passenger duty was 30,000 *l.* in 1871 and 43,000 *l.* in 1875; can you tell me easily what was the difference between the dividends of 1875 and the dividends of 1871?—Unfortunately we pay no dividend; the value of the stock, I think, is about the same.

569. The fact is, then, that the increase of duty has not affected the price of your stocks?—No, because we have opened our line to Liverpool-street, which has produced a beneficial effect for us, and which, I hope, in time will produce a greater effect. I have not got out the increase, and I should be sorry to say it offhand, because I might make a mistake; but the increase of the passenger traffic has been, I think, 200,000 *l.* or 300,000 *l.* I will get it out and put it in, if the Committee think it needful.

570. The object of my question was to see whether the passenger duty had hampered the development of the line?—I think it has greatly.

571. That is your opinion?—Yes; but I cannot back it by facts. It is a matter of opinion; but I think that it has hampered it very greatly indeed.

572. One of your reasons for desiring the removal of the duty is in order to enable you to carry the poorer classes backwards and forwards to the sea, is it not?—There is a large amount of traffic, I think, to be got by having reasonable rates to the sea-side.

573. What do you charge now to take a man to the sea-side and back?—I think that the fare is about 3 *s.* 6 *d.* or 4 *s.* to Harwich and back.

Lord *Claud Hamilton.*

574. Did you not state just now that you received in exemption on the Enfield branch more than 3,000 *l.*?—I did.

575. Do not the Great Northern Company run to Enfield?—Yes.

576. Is there not, therefore, competition there?—Yes.

577. Therefore, it is not a fact, as the honourable Member for Shropshire assumes, that it is only where there is competition that you do not seek exemptions?—The honourable Member put it the other way; he said, "You increase your fares where there is no competition."

Mr. *Leighton.*

578. My question was this: I understood that on some of the more distant traffic, I think beyond Enfield, 5 per cent. was put; that is to say, that the duty was thrown upon the public as regards the more distant traffic, and that as regards the traffic immediately around the metropolis, where the competition is strong, it was impossible that the company could put the passenger duty on to the fares, and, therefore, they have to pay it themselves?—

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Mr. Parkes.

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Mr. *Leighton*—continued.

themselves?—I should correct that by saying that the Noble Lord is quite right in some respects. There is competition at Enfield, but there is no competition either by omnibus or tram or any other mode of conveyance, from a point about three miles out of London, right down to Enfield or Edmonton, or any of those places.

579. And that is where you put on the 5 per cent.?—No, we do not put on the 5 per cent. there.

580. Where is it that you put on the 5 per cent.?—Beyond Brentwood, on the one hand, which is about 20 miles out of London, and Broxbourne on the other. In our local services there is no competition, and the object there is to produce the largest amount of traffic from men who could come up and down once or twice a day. Beyond that distance, a man could only travel once a day up to London and back again, and there we change the fare when the distance increases, so as to become what we call long traffic. The question of competition enters into the consideration more with reference to the trams than with reference to the steamboats and the omnibuses.

Lord *Claud Hamilton.*

581. Have you not lately built a new city terminus, giving additional facilities to the public?—Yes.

582. Did not Parliament, in consideration of your building that terminus, grant you some special arrangement in regard to the charge of mileage between Bethnal Green and that terminus?—We were authorised to charge as for two miles for that which was a mile and a quarter, but practically we have not done it. First of all they will not grant us exemption upon it, and secondly we have considered the matter, and in fact if it had not been for the passenger duty we should have considered Bishopsgate and Liverpool-street as the same; but when we found that the passenger duty was intended to be exacted by the Inland Revenue we put on a penny to all the single fares, and a penny to all the return fares, first, second, and third class, in order to meet the additional cost at Liverpool-street, as well as the passenger duty. It was very much discussed indeed whether we should put on that additional penny, and the public, as a result of our decision, have had to pay the additional penny into Liverpool-street.

583. Then, as a matter of fact, the effect of the passenger tax has been to prevent your availing yourselves of special privileges in regard to Bethnal Green, which were conferred by your private Act?—Yes, that has been so.

584. I think that you are a poor company?—We only paid 1 per cent. dividend this last year, and we have had great difficulty in meeting our preference dividend.

585. Can you say, speaking from memory, what sum represents one-half per cent. on your ordinary stock?—Between 40,000 *l.* and 50,000 *l.*

586. Therefore, in paying 43,000 *l.* in 1875 you were paying, say, one-half per cent. on the ordinary stock?—We were.

587. If, therefore, there was a partial remission or a total abolition of this tax, would not your board of management be able, having possession of that which is a sum equivalent to 43,000 *l.*, to offer great additional facilities to the public, not only in regard to train service, but as regards that service which would result from

Lord *Claud Hamilton*—continued.

improvements in stations and existing arrangements on your general system?—We should not find ourselves so much tied as we are at present. At present our fear always is that we shall not be able to pay our preferences. If we had the margin which the remission of this tax would allow we should have much more liberty of action.

588. You have found, therefore, that this passenger tax crops up as an obstacle at every moment?—It does; it has been a very great source of trouble to us indeed, not only in the matter of train arrangements, but also in the matter of accounts. It costs us a large sum of money in maintaining clerks to prepare the accounts for the Inland Revenue, and if it had not been for the great desire in my mind not to have any further litigation, and also the desire on the part of the Inland Revenue to avoid litigation, we must have again and again been in a court of law, the Act is so difficult to construe and the accounts to make out.

589. Have you not lately, quite irrespectively of the passenger duty, made a considerable reduction in the fares all over your system?—The suburban system was arranged when we first opened some of our suburban lines, but our passenger fares have been very largely reduced since we opened our station at Liverpool-street last November.

590. Therefore there is no reasonable ground for supposing that, in your own interest, should this passenger duty be repealed, you would ever think of raising your fares on any part of the system?—On the contrary, my own view is this: of course there must be reasonable fares to make the line pay, but the lower you can reduce your fares the better for the public and the better for the company. I believe that the true commercial principle is applicable to it, namely, that we should try to get the greatest amount of traffic that we possibly can. Fill your trains if you possibly can is my principle.

Mr. *Macdonald.*

591. Then, by not lowering your fares for the long distances, you are injuring the company, and also placing the public at a disadvantage, are you not?—We are to that extent, no doubt.

592. That is where you have no competition?—But then you have this effect to be produced: you have to make up a sum which will be adequate to pay your shareholders.

593. But if you lower your fares, according to your own showing, you ought to increase your profits?—But you tax me 10 per cent. upon my profits for passenger traffic, and we cannot stand it.

Lord *Claud Hamilton.*

594. Does it not generally follow that the immediate effect of a reduction of fares is a loss of revenue?—The immediate effect for some time, until the public become aware of the reduction, is a loss.

595. Therefore during that period the tax would press exceptionally hard upon a poor company like yours, would it not?—It would.

Mr. *Macdonald.*

596. If you continue to maintain the high fare where there is no competition, it is a loss to yourselves and also to the public, is it not?—We reduced our fares very largely; we never had third-class

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Mr. *Macdonald*—continued.

third-class return tickets on that system where we have 2 1/10 *d.* The general fares have been reduced, and we have given the poorer classes the benefit of third-class return tickets, available for a month, at a very reduced rate; but inasmuch as we could not afford to pay the 10 per cent. upon our net profits upon passenger traffic, we considered that in adjusting the tariff.

Mr. *Bruce.*

597. You say that you run a first and second class train through in the morning; do you mean that you do not call at any stations on the line upon which you run that train?—Yes, we call at certain of the stations, for the convenience of passengers wishing to come to London.

598. By that train you carry no third-class passengers, do you?—No; if we carried third-class passengers, under the law as it stands, we should miss the exemption for the whole of that service on that branch.

599. Then you consider it a great drawback to the public, as well as an inconvenience to the company, to be obliged to stop at every station?—Very great indeed.

600. Do you issue weekly tickets now to workmen?—No, we issue daily tickets at 2*d.*; we found that the weekly tickets were inconvenient, but we issue daily tickets at the same fare as the weekly tickets would have been. A weekly ticket would have been 1*s.*, and instead of that we issue a return ticket for 2*d.*

601. Do you not think that it would be an advantage to the company and also to the workmen if you were enabled to issue weekly tickets without running the risk of losing your exemption?—We could issue weekly tickets, but we found it more convenient to issue daily tickets. It comes to the same thing to the workman; he pays 2*d.* a day, but it is more convenient to us and more convenient to a man who only wants to go five days in a week.

602. Your opinion is that if this passenger duty was abolished, it would be better for the public and for the railway companies as well?—I think that it would be a very great advantage both to the public and to the companies if the passenger duty were abolished. The way in which our arrangements are crippled is now a very great sore with all railway companies, and it would unfetter the action of all railway companies as regards their arrangements and fares.

603. Where you find the traffic in a suburban district sufficient, do you consider that the question of the duty is really a drawback to the development of that traffic?—I think so. We have constant applications from parties and the question of duty crops up at almost every stage whether we can afford to give them what they want. We are charged upon our season ticket and upon every single thing, so that when we want to make a reduction in the season tickets or to give an advantage to governesses or apprentices, or anybody else, they charge you in every possible way. They put the tax upon you, and you have always to consider what you are going to get and what you are going to lose, because so long as these companies are commercial companies, they must be treated upon commercial lines.

604. Did I correctly understand you to say that on the London and Blackwall line you did not get exemptions?—On part of the line we do not; the London and Blackwall from Stepney to Fenchurch-street, in communication with the Bow traffic.

Mr. *Bruce*—continued.

Sir *Harcourt Johnstone.*

605. You do not consider that your company, any more than other companies, was founded from philanthropic considerations?—No, I think not.

606. I suppose you do not like competition any more than farmers like competition for farms?—We have to meet it, but we do not like it.

607. Sometimes labourers in their own trade do not like too much competition?—No.

608. Then you are not singular sinners in disliking competition?—No, but I do not think as far as regards our passenger service that there is any complaint in the district about fares. Since we have altered the fares we have had resolutions from the Town Councils of Ipswich, Colchester, and other places thanking us for our altered fares and train arrangements; and I may say as regards the third-class passenger, that whereas he would have paid 2·9 *d.* or nearly 3 *d.* under the old system, he now pays 2·1 *d.*, which is a reduction on the journey of ·8 *d.* per mile.

609. You try, of course, to get as much as you can for the thing which you have to sell?—Yes, but we have to get the largest number of customers. We have the two things to consider.

610. Without really sacrificing your revenue?—Without really sacrificing our revenue.

611. And you contend that the commodity which you have to sell is injured by a special tax being put upon it as regards all your traffic arrangements in every consideration of reduction of fares, or adjustment of fares?—Yes.

612. This arises, of course, in your own case of the Great Eastern Railway Company, in consequence of your being rather a poor company?—It strikes us much more heavily on that account, and from the consideration that we have a very small margin beyond paying our preferences; and we have to regard that in all our considerations.

613. Of course the passenger duty is not so important to those companies which are paying large dividends, say from 7 to 10 per cent., as it is to poor ones?—No.

614. Therefore they are able to adjust their fares and to give facilities in greater proportion than poor companies?—That is so.

615. Then, in point of fact, this tax presses more heavily upon the shareholders of poor companies than upon the shareholders of rich companies?—Yes; it presses upon small country lines exceedingly, and it will, I believe, stop the development of small country lines. It is hardly possible now to get anybody to take up the shares of small country lines. Of course the passenger duty is only one element in the consideration, but it is an element.

616. You would be inclined to resist any tax, even if the nature of the incidence were altered?—I say that we ought to have no tax at all; but of course there is a medium between that and the present anomalous arrangement, acting under a law which is so difficult to understand and to comply with.

617. You plead of course that this centralising

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Sir *Harcourt Johnstone*—continued.

action rather interferes with your own working and your own arrangements; of course you object to a tax, *qua* tax, but you also object to these constant contentions and complications with the Board of Trade and Board of Inland Revenue?—Yes, they are most prejudicial.

618. If you had a tax you would rather have a tax, I suppose, upon your gross or net receipts?—I think that it should be confined to the passengers. Directly you get to the goods being taxed you affect a large number of people who are not affected at all now.

619. You cannot, I presume, shut your eyes to the fact that railway companies are, to some extent, monopolists?—They are, to some extent.

620. Do you think therefore that it is fair to tax them?—We are monopolists as to passengers more than we are as to goods; the sea and the rivers compete largely with us for goods traffic.

621. But so far as you are at present advised, you do not see any objection to a tax being imposed so long as it is not levied in this particular mode?—I think that the amount is excessive; but if the amount were largely reduced, as it ought to be, then of course it might remain until there is a means found to provide some substitute for it.

622. But you think that anything is better than a tax of this particular class?—I do.

Mr. Serjeant *Spinks.*

623. You have on your line a large quantity of land suitable for suburban residences, I think?—We have.

624. With reference to the exact difficulties which you have in conducting your suburban traffic to Enfield, for instance; do I correctly understand that in the first place you cannot take the three classes of traffic together without forfeiting your exemption?—We cannot take them by fast trains. Perhaps it would be better to take such a place as Epping, where it is well known that there are beautiful sites for building, and which is almost undeveloped; you cannot give a fast train to bring people into town from Epping unless you are prepared to forfeit your whole exemption upon the passenger traffic upon that branch.

625. And that would be a considerable loss?—That would be a considerable loss, and then, of course, you would have to wait until the houses were erected, because, as I have already stated, I believe the train service must go before the building.

626. The way in which you conduct this suburban traffic is, as I understand you, by having to bring people up to their business in London in the morning in a first and second class train?—Yes.

627. In that train, I understand that you have no third-class passengers?—No.

628. That is to be followed by a train stopping at every station to accommodate the third-class passengers?—That is so.

629. A great many of the third-class passengers in the second train would also want to get to London as well as the passengers by the first and second class train, I presume?—Certainly.

630. Therefore, of course, it is a disadvantage to them to be put in the subsequent train instead of the earlier train?—Certainly; it keeps them so much longer on the way wasting their time, which, of course, is very valuable.

Mr. Serjeant *Spinks*—continued.

631. Those trains carrying the third-class passengers are necessarily much longer on the road, I suppose?—Certainly; the stoppage is very considerable.

632. The development of those suburban places will naturally be very gradual, I presume?—It becomes very rapid if you give train accommodation. There is a great tendency to get out of London not only by the better class of people, but also by the artisan class.

633. Whether the development is gradual or not, during the time that you are developing the traffic, I presume that there are great expenses for the early part of the time, and small receipts?—That is so.

634. And, in fact, during the development of a place you may, for a time, be actually losing, may you not?—We have had very small traffic upon some of our suburban lines for a very considerable time. The buildings are now spreading; we have had in our district nearly 2,000 houses erected within the last few years, and of course that is beginning to tell in our favour, but for a time the traffic was unremunerative.

635. And the incidence of the passenger tax increases the loss which you sustain during that time, does it not?—The passenger tax increases the loss by 5 per cent., which is a very large figure.

636. You have been asked how the public would be benefited by the reduction of this duty; in the first place, do you say that as regards fares beyond Broxbourne you would give up that ·1 *d.* that you have added?—There would be no object in maintaining it. Supposing that the third-class fare, which is 2 *d.* a mile, 1 *d.* a mile each way, were exempt from duty, we should at once take off the ·1 *d.*, because we are, as it were, only collecting the revenue for the Government. It was not quite taken in that way. In reducing our fares we had to consider to what extent we should reduce them, and it was fixed at that amount, having reference to the duty being part of our expenses.

637. You have to take the duty into account in making the arrangement?—We have.

638. And in revising your fares were you put to considerable trouble in consequence of the railway duty?—Very great trouble; in our line it has been particularly burdensome, because there are various sections of the line which, as I have already stated, are entitled to a certain fare on account of the geographical distance, and some towns are entitled to be charged the same mileage rate as other towns, and you could get them to no proper scale; the result is that in the various parts of our district now an uniform scale is not applied, even where the distance from London is the same.

639. Another advantage to the public would be, would it not, that you would be able to frame your time tables with greater reference to the wants of the localities?—Yes, that is a very material thing for us. At present we have availed ourselves of breaking up the line into sections for the local traffic; but it is becoming a serious matter for consideration if some relief is not given in that respect, what we must do with our train service. It would not set us free from that consideration of adapting our trains for the purposes of our passenger duty.

640. In fact when your manager is framing the time table he must do it, must he not, with reference

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Mr. Serjeant *Spinks*—continued.

ence to this railway passenger duty?—Yes; unless he chooses to give up the exemption althogether.

641. I think you said that you would be able to open a new station occasionally to the public if you were free from duty, which you cannot do at the present time?—The necessity of either giving up the exemption, or of stopping at a station when opened, is a consideration, and therefore we do not desire to open the station because we may not want to stop all the trains at first at any rate. But if we do not stop the trains at it as an ordinary passenger station, we must lose the exemption from duty upon that line.

642. And therefore you open as few new stations as possible?—We have been very chary of giving encouragement to new stations.

643. Are the workmen's trains remunerative, or not?—They are not highly remunerative in themselves, but we get something I think out of them. It depends very much upon the number travelling at a particular time, but we ran them 10 miles for a penny, and therefore they cannot be very remunerative.

644. Is that a class of trains which would feel the burden of the railway passenger duty?—It ought not to be imposed upon it.

645. But would that convert its being slightly remunerative into being slightly unremunerated?—Five per cent. reduces the profit very much indeed, if there be any profit at all.

Mr. *Samuda.*

646. Having regard to the general character of the evidence which you have given, to which I have paid great attention, I will ask you first if you can tell the effect on the revenue of all the railway companies that would result from exempting all fares of a penny a mile and under, in addition to that which now takes place by the ordinary exemptions of the cheap trains only?—It is an exceedingly difficult calculation, and I can only state generally that I think it would bring it down to about the figures which we paid in 1871 on our present traffic, that is to say, about 32,000 *l.*

647. It appears from papers which have been put before us, that after the change in collecting the revenue, consequent upon the decision of the House of Lords, the total duty rose about 250,000 *l.*; would that 250,000 *l.* roughly represent the difference that would have existed if all trains of a penny a mile or under had been exempt compared with that which took place by reason of the decision under which only the cheap trains, which were really cheap trains, were exempted?—I think that you may assume roughly that that would represent it.

648. Then may we assume roughly that the total difference to the revenue would be 250,000 *l.*, if all trains where the charge was a penny a mile were exempt, and that upon your own line it would be about 32,000 *l.*?—The difference between 32,000 *l.* and 45,000 *l.*, that is to say, about 13,000 *l.* If you were to take 5 per cent. upon our present passenger traffic, which, I think, last year was 1,144,000 *l.*, that would produce 57,200 *l.* Then we get exempted to an extent which reduces the duty to 43,000 *l.* The difference between the full tax at 5 per cent. and the 43,000 *l.* represents the exemption, and it also represents the soldiers and other traffic which is exempted. Then if you gave exemption in respect of all fares,

Mr. *Samuda*—continued.

whether by stopping trains or not which were charged at 1 *d.* a mile, and if you gave also that which I think is an important element in the consideration, an exemption in favour of all fares under 1 *s.*, so as to meet the omnibus traffic of the lines, I think we should have to pay something like 30,000 *l.* a year as tax; but I am speaking quite roughly.

649. You think that with such a change, that would come to about 30,000 *l.* a year?—Yes.

650. I gather from all that you have said, that your great objection is to the difficulties which are put in your way by means of making all your arrangements in such a manner as will enable you either to account for this tax, or to avoid this tax?—Yes, that is irrespective of my general objection to the tax.

651. Then supposing that a commutation of this tax were entered upon, by which you had to pay the equivalent amount, which for the sake of argument, we will call 30,000 *l.* a year, and you were left perfectly free to make whatever arrangements you thought fit with regard to the whole of your passengers, would not that very greatly relieve you of the difficulties which you have been put to?—Yes, we should merely have to pay the 30,000 *l.* a year.

652. And you would be perfectly free to take your passengers by these fast trains, if you thought fit to do so, and to arrange your trains in harmony with your own interests?—And in harmony with what we believe to be the growing wants of the public.

653. With regard to your workmen's trains, you have informed us that you have so arranged them generally, that you have brought them within the exemption?—Yes.

654. But I think that you also told us that you had voluntarily instituted workmen's trains, which represent something like a farthing or a halfpenny a mile at the most?—Less than that; about ·1 *d.* a mile for the extreme distances; of course they all pay a penny wherever they get in.

655. Would not the natural conclusion which we should arrive at be, that the effect of the money payment was not a serious interference with the development of trade, when you voluntarily start trains which go at a fourth or a sixth part only of the sum?—We were under obligation to run one train as far as Edmonton; Edmonton is not a terminal station, and we carried it on to Enfield as being better suited for the purposes of our traffic.

656. But whatever the reason was, you have found it your interest to carry this description of traffic at a rate which is only one-sixth of that at which you were compelled by your Act to carry it?—We were compelled to carry by one train from Edmonton, which is two miles from Enfield, at one penny.

657. I am dealing with your workmen's trains?—I mean the workmen's trains. We charge a penny for the whole distance; we had a Parliamentary engagement to do it, and from Walthamstow the same.

658. Have you adopted other workmen's trains which you are not under a Parliamentary obligation to run?—We have to give the relief, or else the first train would be over-crowded.

659. Is it only with regard to giving effect to that obligation that you have done it, or is it because you believe that it is the interest of the company that you should do it?—In a pecuniary

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Mr. *Parkes.*

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Mr. *Samuda*—continued.

point of view it is hardly the interest of the company; but we have the obligation upon us, and having the obligation upon us, we have endeavoured to fulfil it to its full extent. If you obliged all these men to come to the first train in the morning and overfill that train, they do not get the accommodation intended.

660. Would the result of the cheapest of these workmen's trains represent a considerably increased price per ton received beyond that which you would receive if you carried goods in the same train for the same distance?—I could have got out for you the exact number carried, and then we could estimate the tonnage. If we could get the same number of people, and regulate the traffic upon the railway in the same manner that we regulate the carriage of pigs or sheep, we would get of course a remunerative traffic out of the passengers; but the difficulty is that the passenger controls his own movements, and comes or not as he likes, whereas the sheep and pigs you get poured into your station, and you carry them on your own arrangements and in your own mode.

661. With reference to these workmen's trains, is there not this great difference, that the workmen have to present themselves at the railway at a particular time for a special journey, and that they are this great advantage to you over goods, that they load and unload themselves?—Yes, that is true.

662. Then if their price is considerably greater than that of goods, it would give you some advantage over goods, would it not?—Certainly, but it would depend upon the number entirely.

663. And your great object is, as you have already said, to get the greatest possible amount of money in the train?—Yes.

664. With regard to your view of being interfered with by means of competition, when you commenced running your trains between London and Gravesend, was there not a very large number of steamboats that were carrying the traffic between those places?—Yes.

665. And has not the effect gradually been to get rid of all those boats, and to bring the whole of the traffic on the two lines on the north and south sides of the river?—I think not as regards Gravesend. At the time when the Tilbury line was opened to Gravesend, there was a very large steamboat excursion traffic to Gravesend, and it was practically the only outlet for the working classes from the metropolis, or for the classes who wanted a pleasure trip down the river, but subsequently the Brighton Railway with its own cheap trips, and our own cheap trips, and a variety of cheap trips, drew away the traffic from the river, and the excursion traffic on the river was so seriously diminished that the steamboats were gradually withdrawn. The Tilbury Railway proper did not have such a material effect upon that withdrawal as did those other causes.

666. In fact, the other railways may have had a great amount of influence, but between the two you squeezed out the whole of that boat traffic?—Yes.

667. Therefore the competition no longer existed, but the monoply was restored between you two companies in varying proportions, and the traffic was absorbed by the two of you?—Yes.

668. Has any of the traffic upon the road by

Mr. *Samuda*—continued.

omnibuses and trains in any shape or way diminished the number of passengers travelling on your railroad between London and Blackwall?—No, I think not. Long ago when I became a member of the Board, I was requested to examine into the fares, and we readjusted many of the fares, which I thought too high, especially at Stepney, and a very large traffic has been the result of that. I do not think that the omnibuses or the trams have affected that.

669. Practically, your traffic has been continually increasing upon the Blackwall line, has it not?—Not so much as I should desire, but it has been increasing.

670. With regard to the monopoly, whatever it may be, which you possess, and with regard to your view that locomotion should not be taxed, is it not a fact that every one of these competition services, as you consider them, that is to say, the trains, and the omnibuses, and the steamboats, carry their passengers at rates which would bring them within the exemption clause, of which you yourself have had the benefit; do any of them, in fact, make their fares represent a higher price than one penny per mile?—Most of them charge a higher fare.

671. Does it come to more than a penny a mile?—A man may go a mile, and he would be charged 2 *d.*; they have no fixed stations; but they have graduated scales according to the distance; many of those graduated scales would be in excess of a penny a mile.

672. Is the practical average result of the whole of the passengers taken pay more than a penny a mile?—I should think not; but if they have to pay the passenger duty they would have the same trouble that we should have had, and greater still; because, although on the actual distance traversed between end and end, or between particular points, they are only charged the penny a mile; still between two points which a passenger may travel he may be charged 2 *d.* a mile.

673. Therefore they would have the same disadvantages as you have if they paid the passenger duty?—Yes.

674. And they would have the same advantage provided they were allowed to commute for the whole payment, instead of paying it upon each individual passenger?—Yes.

Mr. *M'Lagan.*

675. Can you tell me the proportion of third-class passengers, second-class passengers, and first-class passengers carried by your railway?—It varies very much upon particular parts of the line. If you want the aggregate proportion, I can get out the figures for you. In 1875, the first-class passengers' payments were 202,000 *l.*, second-class passengers 184,000 *l.*, and third-class passengers 685,000 *l.*, making a total of 1,072,000 *l.* altogether; that includes military and Parliamentary trains, and everything except season tickets.

676. Did you find that when you reduced your fares by 8 *d.* there was a large increase of passengers?—The increase is 40,000 a week. The number of passengers which we now have is about 400,000 a week, and we increased, say, from 360,000 to 400,000 passengers a week; but we have not yet tested that, because the fares were only reduced last November, and that is the time of year when nobody travels unless he is obliged;

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Mr. *M'Lagan*—continued.

obliged; so that we are not taking the increase as any test of what it will be during the summer.

677. Did you find the largest increase in third-class passengers, or in first and second-class passengers?—I have not had that analysed yet. One of the objects has been to carry second-class passengers at a much lower rate relatively to third-class passengers than before, and I hope to find a considerable increase in the secon-dclass travelling, because we have large districts in our country with a number of people who would travel second class.

678. Did you not find it to be to the interests of the company to reduce the fares of the third-class passengers as low as possible, quite irrespective of the exemption, or anything else?—No, there is a limit below which reduction ceases to be profitable. The pleasure traffic in the interests of the company ought to be carried at special fares applicable to the visiting of any particular spot, such as the sea-side or some other place, making those fares as low as you can reasonably do, if you can secure full train loads.

679. With regard to a question which was put to you by an honourable Member about commutation, considering that railways really have a monopoly, do you think that they should be exempted from all taxation whatsoever?—I do; I think that the question of monopoly does not enter into the matter at all, any more than the question of the monopoly of any particular patent or trade of any kind. A man who has a patent has a monopoly too.

680. But the railway companies have a monopoly in certain particulars, and they have it very much in their power to put the public to great inconvenience. Sometimes, for instance, we know that railway companies decline to carry certain articles, much to the inconvenience of the public, and much to the disadvantage of trade?—I know what you refer to; that is a question of safety, and not that they will not carry it.

681. They have the monopoly, at all events, and having such power and monopoly granted them by the Legislature, is it not right that they should submit to some taxation?—No, I think not. The question that you raise has reference to certain substances, such as dynamite, and other substances which are considered explosive, and there is very large difference of opinion, no doubt, as to the expediency of their being carried or not, or as to the rates at which they should be carried, or as to the mode of carrying them.

682. It is not the rates that I speak of; but they do not carry them at all?—It was not the doing of the railway company, but it was the force of circumstances, and the feeling of the public with regard to explosives, which forced it upon the railway companies. It was not their desire, it is the Parliamentary Legislation that has drawn attention to that.

Mr. *M'Lagan*—continued.

683. I have merely drawn attention to that to show the great advantages which you have over other public bodies, and having those great advantages given to you by the Legislature, do not you think that the public should have some reciprocity?—The advantage that the public has had is manifest from railways having superseded all other modes of conveyance; and if it had not been greatly to the advantage of the public, those conveyances could not have been superseded. I could not live where I do now, and have the benefit of fresh air every night, if it had not been for the railways. The public get reciprocity in the enormous advantages which the railways have given them.

684. And those railways are generally paid for the reciprocity by good dividends, are they not?—Unfortunately, not in our case.

Chairman.

685. You said that there was some difficulty in keeping the accounts; that did not quite accord with the evidence which has been given to the Committee by Mr. Melvill; do you find that the preparation of the accounts for the Inland Revenue office causes you and your clerks an enormous difficulty?—It causes an enormous difficulty; it does not fall upon the Inland Revenue, it falls upon us; I do not wish to say one word against the Inland Revenue; they have done the best that they could under the most difficult circumstances, and they have done the best that they could to render us aid in getting rid of those difficult circumstances; I will not call it by a strong name, but it seems to me unjust to keep in force an Act of Parliament which no one can construe, and which is admitted by the departments themselves to be inapplicable, and to put the railway companies in their power and to all the trouble and inconvenience and annoyance of fighting all these questions with them, or giving way and paying whether we like it or not.

686. I understood from Mr. Melvill that they merely take an average?—They have done a good deal in that way with a view of remedying our inconvenience.

687. If there was anyone who wished to exact the uttermost farthing from you and to put the law on its strictest construction, it would involve immense trouble, would it not?—It would involve immense trouble.

688. And it would be practically impossible to carry it out, would it not?—We could not do it.

Mr. *Parkes.*

7 April 1876.

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Tuesday, 2nd May 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Mr. James Corry.
Viscount Crichton.
Sir Harcourt Johnstone.
Mr. Leighton.
Lord Claude Hamilton.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Arthur Peel.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., IN THE CHAIR.

Mr. JAMES STAATS FORBES, called in; and Examined.

Chairman.

Mr. *J. S. Forbes.* 2 May 1876.

689. You are the Chairman of the Metropolitan District Railway, and also of the London, Chatham, and Dover Railway?—Yes.

690. It will perhaps be convenient to the Committee if you separate the two cases of the Metropolitan District, and the London, Chatham, and Dover Railways, with reference to the question now before this Committee?—If you please. In that case, I should take the Metropolitan case first.

691. I do not know whether you have heard or read the evidence which has been given before this Committee with regard to the question of the railway passenger duty?—I have heard the whole of it, and I have had the advantage of reading it since.

692. And you are aware of the question which is submitted to this Committee, namely, to inquire into and report upon the operation of the present law relating to the railway passenger duty, especially as to its effect upon the working of cheap trains; will you, in the first instance, describe the geographical position of the Metropolitan District Railway?—Yes. I thought that perhaps it would be convenient to the Members of the Committee if I had the railway laid down upon a skeleton map of London. Perhaps I had better describe a little the geography of the matter. The Metropolitan and Metropolitan District Railways for this purpose may be taken to be almost one; they are affected in precisely the same way, and the circumstances are almost parallel. The position of the Metropolitan District Railway is slightly different. This map shows in red the two systems: the Metropolitan Railway on the north, and the Metropolitan District Railway on the south. The Metropolitan District Railway runs from the Mansion House by way of Westminster, Victoria, Sloane-square, and South Kensington, through Gloucester-road, up as far as High-street. There it is joined by the Metropolitan Railway, which continues by Queen's-road, Bishop's-road, and Edgeware-road, and so round by Gower-street, King's Cross, Farringdon-street, and Moorgate-street, on to Bishopsgate. That is known as the Inner Circle. Then to the west of that part of a circle goes off

Chairman—continued.

at Bishop's-road, and running round by Westbourne Park, Latimer-road, Uxbridge-road, and Addison-road, joins an extension of the Metropolitan District Railway at a junction called the North End Station, coming round by Earl's Court back into the main line at Gloucester-road. That is called the Middle Circle.

693. That gives us the geographical position of these two systems?—It does.

694. Will you now explain, if you please, how the services of the trains between these systems are arranged?—The object of the companies, although they are separate companies financially and in management, was to make the separation of interest as little felt by the public as possible. They therefore entered into a compact under which the trains of one company should run over the lines of the other, so as to afford continuity of communication over the whole length. Under that arrangement, the Metropolitan trains, commencing their journey at Bishopsgate, come on to the Metropolitan District Railway at Addison-road, or at High-street, Kensington, as the case may be, and run on to the Mansion House; while the Metropolitan District trains, commencing their journey at the Mansion House, do the same thing, going on to the Metropolitan at those places, and continuing their journey to Moorgate-street.

695. Then, for public purposes, they are practically one train?—They are. Then, in order that honourable Members may form some estimate of the amount of accommodation furnished in that manner to the public, I had better say how many trains there are. We have, between the Mansion House and Gloucester-road, which is very nearly the end of our line, the point at which one portion of our railway runs north towards High-street, and the other west and south towards Hammersmith and Brompton, 220 trains each way daily. They begin in the morning at a little after five o'clock, and they run until a quarter past twelve o'clock at night; and during many hours of the day those trains are following each other at intervals of about three or four minutes. They are all first, second, and third class, and they stop at every station. When they get

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Chairman—continued.

get as far as Gloucester-road and Brompton, a portion of them run north, and from these continuous trains which I have described as going through Kensington High-street, on to the Metropolitan; those are 10-minute trains, a train every 10 minutes. The alternate train every 10 minutes runs from the Mansion House to the Hammersmith Western Extension, through Earl's Court and North End to Hammersmith, and there it ends its journey. Then there are some other trains coming round the outside circle by Notting Hill and the Uxbridge-road, four in the hour; two by the London and North-Western, and two by the Great Western, over the Metropolitan. That makes up the services over the Metropolitan District Railway. I have put upon this map certain blue lines which honourable Members will see; these blue lines describe the routes of the omnibuses which are working over the main thoroughfares, the northern one being in Oxford-street, and the middle one being Piccadilly, with diverging lines by Hyde Park Corner, Sloane-street, and the Brompton-road, to a great variety of places. The eyes of honourable Members will serve them to see how very much indeed this metropolitan traffic is competed for by omnibuses as compared with these railways. Then, if you will be good enough to cast your eye upon the river, that is the point in which the Metropolitan District Railway is somewhat differently affected from the Metropolitan Railway, who are only competed with by the omnibuses. By the way, the omnibus route upon the New-road might just as well have been laid down on the map. I daresay Mr. Fenton, who will probably follow me, will take care that that is done; that would show another very important route, nearly the whole length of the Metropolitan Railway; but going to the river, you there find a brown line beginning at London Bridge, diverging into a great many black squares representing river wharfs, and keeping parallel with the Metropolitan District Railway for its whole length, going down as far as Hammersmith Bridge; that represents the river steamers. What we complain of, what constitutes our grievance (because we consider that we have a grievance), is that these competitors of ours are wholly untaxed, and that we, notwithstanding that we comply substantially with all the requirements of the Act of Parliament, are taxed more heavily than any other railway companies.

696. Are your fares determined in any degree by the competition which exists against you?—Yes, they are absolutely determined by it. The bulk of the population, of course, is a poor population, though the number of rich people is very considerable in London. First of all, I may say that our fares are considerably within our Parliamentary maximum in every case, and that is the more true the further we get out of London. I will, for the information of the Committee, describe what the fares are to particular points from the Mansion House, which is the centre of life, as it were, or of City life at all events, to the extreme ends. Charing Cross is a very important place. The steamers, if you notice, run from London Bridge, St. Paul's Pier, Blackfriars Pier, and the Temple Pier to Charing Cross; they pick up at all those places, and you will observe that they are within a few yards at every one of those places of our railway. The fare by the steamers from London Bridge, or from any of the intermediate places to any other intermediate place, is 1 *d.* The omnibuses commence their journey more in the heart of the City than we do; they go as far as the Mansion House, and some of them even further, and going by Fleet-street to Charing Cross they charge 2 *d.* Those two figures practically regulate our fares. We may have the power to charge as much as we like, but we have to regulate our fares by the competition. The competition by omnibus and by steamer is very severe; for many purposes the steamers are more convenient than the railway, and for many purposes the omnibuses are more convenient.

Chairman—continued.

Mr. *Samuda.*

697. What do you charge?—We charge 4 *d.* first class, 3 *d.* second class, and 2 *d.* third class; and we charge for a return ticket, 6 *d.* first class, 4 *d.* second class, and 3 *d.* third class. As the bulk of our tickets are return tickets, it comes to this: that the journey for a third-class passenger, the third class being about 70 per cent. of our whole traffic, is 1½ *d.* each way. Another very important place is Victoria. Victoria has the peculiarity of having a population almost on one side of it, because the Green Park and Constitution Hill and St. James's Park, practically cut off the population north of our railway; so that we are dependent about St. James's Park and Victoria upon the population lying south of it; that is to say, the population between Victoria and the river. You will see that the river steamboats have very convenient stations at Vauxhall Pier (now known as Millbank), and at Pimlico Pier; and drawing an angle from Victoria down to those two piers, you will find that they cover the whole of that intermediate ground. In addition to that, there is a line of omnibuses running off at St. George's-road and traversing the whole of the very centre of that district. The steamboat fare from London Bridge, or any of those City stations, St. Paul's Pier, Blackfriars, or the Temple Pier, down to Vauxhall and Pimlico Piers, is 2 *d.* The omnibus fare on the blue line from the City, down, in fact, past the Victoria Station is 3 *d.* Our fares are 6 *d.*, 4 *d.*, and 3 *d.*, for the three classes respectively, and for return tickets 9 *d.*, 6 *d.*, and 4½ *d.*

Chairman.

698. What might you charge under your Act?—We might charge 8 *d.*, 6 *d.*, and 4 *d.*, against 6 *d.*, 4 *d.*, and 3 *d.* Then we get on to the more western part of the line; Sloane-square is a very populous neighbourhood, and there is a very large amount of third-class traffic there. There you will observe that there are omnibuses competing, and there we have Battersea Pier and Cadogan Pier, to which the fares are also very low, being only 2 *d.*, and the omnibus fares to Sloane-square are 3 *d.*

699. Which class of passengers do the omnibuses affect most in the way of competition?—They take what you call the bulk of the traffic, the same traffic which chiefly goes into our third class.

700. And the steamers, I suppose, the same?—Yes; the proportion of what you would call first-class traffic are very small upon the railway, and the second class also. The third class traffic is about 70 per cent, and the other two classes are divided in about equal proportions.

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Mr. *J. S. Forbes.*

2 May 1876.

Mr. *Samuda.*

701. That is in people and not in money?—In people.

Chairman.

702. What would it be in money?—The money is about the same; in 1875, we carried 2,800,000, in round numbers, first-class passengers; 4,398,000 second-class passengers; and 18,651,000 third-class passengers, including about 2,000,000 working men at a penny a journey.

Mr. *Samuda.*

703. That is about, as you said, 70 per cent., is it not?—Yes; these are the exact proportions of the numbers: 11·14 per cent. of first class; 16·50 per cent. of second class; and 72·36 of third class.

Chairman.

704. Does that include the working men's trains?—It includes the working men's trains; we carried about 2,000,000 working men in the year.

705. What is the speciality of those working men's trains?—The speciality of the working men's trains is a condition imposed upon us during the passage of the Act through Parliament by some philanthropists to carry working people. It is Clause 90 in the Metropolitan District Act, 1864: "The company shall, and they are hereby required, after the opening of the railways between Kensington and Trinity Square" (that "Trinity Square" must be read now as Bread-street, or rather Mansion House) "to run on every day, except Sundays, Christmas Day, and Good Friday, a train in the morning from Kensington to the Mansion House, and a train in the evening from the Mansion House to Kensington; and the said trains shall stop at every station, and shall run at such hours not being later than seven in the morning, or earlier than six in the evening, as may be most convenient for the labouring classes resident at or beyond or in the neighbourhood of the railway, and resorting to or returning from their work in the neighbourhood of or beyond the railway; and the fares shall not exceed 1*d.* per passenger for each journey; provided that in case of any complaint made to the Board of Trade of the hours appointed by the company for such trains, the said Board shall have power to fix and regulate the same from time to time; and also that if in any continuous period of six months it shall be found that less than 100 passengers on the average shall have been conveyed by each of such trains, the company, on proof of that fact to the satisfaction of the Board of Trade, may discontinue the said trains, renewing them from time to time at the instance of the Board of Trade." That is the Parliamentary obligation.

706. Is it open to anybody to travel by those trains?—No, they must be of the labouring classes.

707. How do you ascertain that?—We do that by analogy. The London, Chatham, and Dover Company have an Act with a similar clause, but it is much more explicit; it was the first clause, chiefly concocted by the late Lord Derby. That clause defines what the labouring class is to be; it is to be a mechanic or artizan, male or female, and there is a power to call upon their employers to certify what they are whether, they are artizans proper; that is the nature of the obligation.

Chairman—continued.

708. Is that carried out practically, or are other persons carried who do not come within that definition?—We find it utterly impossible to check hundreds and thousands of people, and the result is that everybody who travels by these particular trains is a working man or artizan, either male or female.

709. And it is out of your power, as you say, with this large number of passengers, to ascertain precisely what the character of the people is?—Yes. It has been a great advantage to those working people, and it is probable that we shall be taunted with having done a great deal more than Parliament imposed upon us; but we have done so. We run in the morning from the Mansion House to Bishopsgate, round the whole circle, a train at six o'clock, and we run a train from the Mansion House to Hammersmith at 6.5. There is no obligation whatever in the Act of Parliament to run a train at all in that direction in the morning. The idea was that those people would live in the country and come in to their work; therefore the obligation is to bring them in the morning and to take them out at night at certain hours. When we came to work that, we found that it did not suit the people for whom it was intended, and we took a more liberal view and tried as much as possible to accommodate their convenience. There are several trains which are governed by distinct circumstances; there are some people who are occupied in what are not trades, such as Post Office people, for instance, who want to get in very early. Amongst a great variety of claims we had to do the best we could for all parties. From Hammersmith to the Mansion House there is a train at 6 o'clock; from High-street, Kensington, there is one at 5.59; and from Bishopsgate round the entire circle there is one at 5.55; so that there are three trains coming into town and two trains running out of town. As to those trains running out of town, it is rather curious to note the object to which they are chiefly put; it is to convey workmen employed by large builders and others to the western districts of London, where such an enormous amount of building has been going on; they are used chiefly by those people, masons and bricklayers, and carpenters and labourers, and men of that class. So far from observing the obligation, or the limited obligation, as to conveying those people back from their work not later than six o'clock in the evening, we found that that imposed rather serious inconvenience upon those people, and that they were a good deal in the way of other traffic; that accumulating in great numbers they blocked up the stations, and their habits were not precisely those with which some others would accord. Therefore we gave them a general permission to return by any train after 12 o'clock in the day. That is the state of the case, and under that state of things we, upon our line, as I have already stated, carried close upon two millions of these people last year.

710. In point of fact, these artisans and mechanics have the benefit of this better and more frequent service, owing a great deal, as I understand, to the arrangements which you require for the accommodation of the rest of your traffic?—We find that to limit them to a particular train in the morning seriously interfered with their comfort and their arrangements. We extended that, and then we found that there was a mixed evil,

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Chairman—continued.

evil, and that keeping them in London until a particular hour at night, five or six o'clock, involved a great deal of hanging about, and idleness, and discomfort to the men themselves. They made strong representations, and with a view to their convenience, and to the general convenience of not having our stations blocked up with large masses of one class of passengers, we distributed them over the hours of the day.

711. Having described the service of trains, and the geographical position of these lines, will you tell us in what way the Inland Revenue Department levy the passenger duty upon your line?—We only came into possession of our own line in 1872. Up to that time it was worked by the Metropolitan Company under an agreement; but when I came to it, a little before 1872, I found that we were in conflict with the Inland Revenue Department. A new theory about the manner in which the duty should be assessed had been started just before that; there was a litigation pending, and for a number of years, as has been explained to the Committee, everybody concurred in one view of the law. The railway companies, the Board of Trade, and the Inland Revenue for, I think, 23 or 24 years, went upon one view. All of a sudden somebody propounded another view, and that led, of course, to litigation, and a kind of claim was then set up on behalf of the Inland Revenue Department, which was compromised.

712. You say that for so many years there was a common view taken of the law by those three parties: it has been suggested that several railways, when they came for their powers, came with their eyes open, and with a knowledge of what the law was; do you concur in that view at all?—No; I should say that that is a most erroneous statement. What they did concur in was a state of things which the Government recognised, and which all the departments recognised.

713. Therefore they assumed that the law was as it had been adopted by the Government, and by the railway companies, and by the officials of the Board of Trade?—Yes, and adopted very much upon a common-sense interpretation, not only of the Act of Parliament, but of the Report of the Committee which recommended the law. The Report of the Committee which recommended the law seems to me to settle altogether the question which has been raised by the law, and settled by the law against the railway companies.

714. Have you that Report before you?—Yes; it all turns upon the discretion of the Board of Trade.

715. That is the dispensing power?—Yes; coming to the exemption, there is no doubt that it all turns upon the exempting power of the Board of Trade. That exempting power was given to the Board of Trade upon the recommendation of the Committee who sat to inquire into the whole thing; what I say is, having had to read a good many Acts of Parliament and agreements, and things of that sort, that the Parliamentary draftsman who drew the clause, in drawing it, put in words which threw a doubt where no doubt need have arisen; because if you read the Report of the Committee, it is perfectly clear that the discretionary power as to the exemption was given to the Board of Trade in the fullest sense. I must ask you to make a

Chairman—continued.

little allowance; I had the pleasure of hearing Mr. Melvill's evidence, which I must say was given with great fairness and candour, but, of course, a little tinctured with partiality: it is the Third Report from the Select Committee which sat in 1844; it is a tremendous Report, and an inquiry upon which a great deal of evidence was given. The Third Report is the Report which starts the Resolutions which were to guide Parliament in that Session. There is a good deal about capital and division of profits of 10 per cent., and all that sort of thing (which is perfectly imaginary), and then it comes at last to the Companies. Resolution 11 on page 6 of the Third Report is: "That the Companies may be required to provide upon such new lines of railway as a minimum of third-class accommodation" (that "minimum" is emphasised, because it is in italics) "one train, at least, each way, on every weekday, by which there shall be the ordinary obligation to convey such passengers as may present themselves at any of the ordinary stations, in carriages provided with seats, and protected from the weather, at a speed not less than 12 miles an hour, including stoppages, and at fares not exceeding a penny per mile; each passenger by such train being allowed not exceeding 56 pounds of luggage without extra charge, and extra luggage being charged by weight, at a rate not exceeding the lowest charge by other trains." Then it speaks about children under three years, and so forth. Then at paragraph 12 it says: "That the tax upon the receipts from such conveyance of third-class passengers should not exceed one-half of any duty;" and then at paragraph 13 it goes to the discretionary powers: "That the Board of Trade have a discretionary power of dispensing with any of the above requirements, and of allowing alternative arrangements which shall appear to it to be better calculated to promote the public convenience upon any particular railway; and that the Board of Trade have a discretionary control over the train which satisfies the above minimum requirement, as regards times of starting, nature of accommodation, arrangements with connecting lines, and other points of detail, subject to the above general principles, and to the understanding that such control is to be limited to the train in question."

716. Your contention is that if that Resolution was put before the person who drew the Act of Parliament, he introduced words which now to a certain degree negative the Resolution of that Committee?—Entirely; and it is just what a Parliamentary draftsman would do. He wanted to make the language of the clause a little clearer, and he put in words in a sort of parenthesis, which words have been usedi n the Courts to interpret the clause, and they have interpreted it that the Board of Trade had no discretion. That may or may not be according to law; but what we say is, that Parliament intended to do two things: first of all to impose an obligation upon a company in virtue of new Acts of Parliament to do a particular thing; and imposing that as a minimum obligation, they also, by the enacting part of the clause, gave a premium to the railway companies to extend that minimum in their discretion, subject to such modifications as the Board of Trade might approve, for the general convenience of the public; because the clause which gives the exemption from duty does not limit it to third-class passengers carried in that particular train, but

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Mr. *J. S. Forbes*

2 May 1876.

Chairman—continued.

gives it to all classes of passengers carried at or under a penny a mile.

717. Does it strike you, then, that the view of the law which was adopted for so many years, and which you have referred to, was founded upon the views expressed in that Resolution rather than upon an accurate interpretation of the law which was prepared in consequence of that Resolution?—Yes; I was surprised to hear it put in this way: that the railway companies ought to refund this supposed loss to the revenue, because they have been the parties, so to speak, to put forward improper claims. That is one way of stating it, but it is a very unfair way. The fact is, that the railway companies conformed to the requirements of the Board of Trade. When the Board of Trade had to carry this Act into execution they required certain things to be done; they required the company to elect which train or trains were to be the trains to conform to this obligation, and required the company to send in their time tables with such trains marked, and that was of course for years and years.

718. In fact the companies put themselves in the hands of the Board of Trade?—Yes, and there was never any discussion about it; at first it is quite true that the railway companies limited the accommodation very much to one train; but by degrees they found that the stoppage at every station, and the starting at particular hours in the morning (for the trains were generally very early in starting because they had to achieve a long journey at a slow speed, and to stop at every place, and therefore it involved the necessity of starting very early) gave rise to so many complaints on the part of the very people intended to be benefited by Parliament, that the railway companies, in answer to those complaints, gradually extended their accommodation, and that extension, from time to time, was approved of by the Board of Trade without any discussion or question. I think I heard one honourable Member make use of the word "evade;" he wanted to know when the companies began to evade this duty; there was no attempt at evasion, everybody's eyes, in that sense, were certainly quite open; everybody believed, and the Board of Trade believed as much as anybody, that the intention of Parliament was to impose a minimum obligation; but in consideration of advantages to be extended to the public under the control of the Board of Trade, to give them exemption in all cases beyond the minimum.

719. Are you aware of any discussions in Parliament with reference to this question which throw any light upon the matter?—There have been discussions; to show how the Board of Trade and the Government felt about it, the value of this exemption under the practice of the Board of Trade for a great number of years has been assessed from time to time by the Government. In the discussions which have taken place about this duty, the idea of 5 per cent. of duty upon the gross traffic was abandoned years ago. Mr. Gladstone in very early days, and Mr. Lowe much later, have accepted the view that, in consequence of the facilities afforded by the companies and their claims to exemption in respect of those facilities under the sanction of the Board of Trade, the average payment was only 3 per cent. and not 5 per cent., and they proceeded to legislate upon that practice.

720. At all events the error was one which

Chairman—continued.

seems to have been adopted by all classes; by the Legislature, and by the companies, and by the public departments?—Yes, nothing can be fairer than the way in which the matter was put. I, myself, would not desire to go through the whole history of the thing, or to travel outside this evidence which has been given before you. There are volumes about it; I have read heaps of Papers and Reports, going back as far as the year 1832, but it is really all here: what the tax was for first of all, and what the exemption was for; it is really in a nutshell.

721. Will you tell us the way in which the Inland Revenue, now under the new light, levy the duty on you, and how it affects you?—I have some illustrations of the difficulty. I am not making any complaints about the Inland Revenue, but all I do know is that this law operates very unequally even upon passenger railways. This is a little outline of the different views which have prevailed. Prior to the 31st December 1872, we had been on the Metropolitan and the Metropolitan District Railways (the Metropolitan for the district) claiming and obtaining an exemption from the duty upon this basis: that all classes of fares at or under 1 *d.* were exempt, that all workmen's tickets were exempt, and all season tickets were exempt. That brought the average payment by us down to between 2¾ and 3 per cent. upon the gross receipts from passengers. That view was concurred in and acted upon for years until this litigation was started: and then our friends the Inland Revenue, with the new lights not then settled but from their view, I believe really Mr. Melvill's view, said "Oh no, you must pay on every fare that exceeds 1 *d.* per mile." Then there were lots of other discussions as to whether we conformed in every respect to the Act of Parliament. It so happens that we do; all our trains are third class and they stop at every station. But just to show how the intention of Parliament has been defeated by accidents, we are beaten by what is called the Farthings Act. Now the Farthings Act was passed in order to settle a question as to whether, in order to claim the exemption, you are allowed to charge a passenger any portion of 1 *d.* for an incomplete mile. I have had a great deal to do with these duties for a good many years, and have been in this sort of thing all my life. I think that that matter was a sort of hole-and-corner question which was raised somewhere in Scotland, and the opinion of the law officers was taken and an Act of Parliament was passed without anything like a general discussion with the railway companies, and I am quite sure without any intention on the part of Parliament that it should have the effect that it does have. The effect is this: that they passed a law that you might get 1 *d.* for the first mile or portion of the first mile, but that if you carried a passenger beyond the first mile, and did not carry him an entire half mile, you got nothing; or, if you did not carry him an entire two miles, you could only get 1½ *d.* We do, in practice, carry thousands of people a mile and 79 chains for 1½ *d.*, or a mile and 39 chains for 1 *d.* That was one of the objects. They said: "Oh, no; it is quite true that you carry 70 per cent. of your passengers of all classes under 1 *d.* a mile, your trains stop at all stations, and nobody can complain very much about the carriages, they are well lit, and so forth; and therefore, in every sense,

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Chairman—continued.

sense, you comply with the Act of Parliament. But you are charging people between your intermediate stations more than 1 *d.* where the distance is over a mile, but under a mile and a half. We cannot allow you the duty because that is a contravention of the Act of Parliament which takes you out of the category." The calculation which we made was, that it made 15,000 *l.* a year difference to us whether we charged 1 *d.* in those cases, or 2 *d.*, or 1½ *d.* You will see how unfairly that operates upon us. When we can charge the omnibus limits our capacity, because we cannot get 4 *d.* down to Kensington if a man can go by river for 2 *d.*, or by omnibus for 3 *d.* The omnibuses charge the uniform rate of 2 *d.* for the shortest distance, but we must not charge a uniform rate of 2 *d.*, we can only charge 1 *d.*, not for a mile, but for a mile and a half. The result of the whole thing is that, if that decision recently given by Lord Cairns is strictly applied, we on the District Railway should have this alternative: either to pay 5 per cent. upon the whole of our receipts (because there would be no exemption, not a penny piece) or to lose 15,000 *l.* a year by giving up this fare for the fractional part of a mile.

Mr. *Samuda.*

722. But if you gave up the 15,000 *l.* a year what would your reduction of duty be against that?—We paid 10,000 *l.* last year, so that it would be about half; but then of course it is a quantity which is always continuing. It would be so in both cases; but the losing the quantity would continue more rapidly than the exempted quantity.

723. At any rate it would be a present loss of 10,000 *l.*?—Yes. That really is the state of the case. We conform in every sense to the Act except that one. I think the Inland Revenue had never considered it, and in fact Mr. Melvill was good enough, when I pointed it out to him, to confess that he had never considered it, and that he thought it very hard.

Chairman.

724. But the Inland Revenue, knowing that the law has been decided and determined, have no power to remit; they are obliged, are they not, to exact the uttermost farthing?—I do not know what they are going to do with this law now they have got it, because as it stands it really is a premium, shall I say, upon false declarations. It is a premium on ingenuity to evade the duty. I have been much too honest, I am sorry to find; I have been paying much more than anybody else. I do not know how it is, but it is the fact. This has been the operation of the duty. We paid, in 1872, 2·88 per cent. on our gross receipts; in 1873, 3·54 per cent.; in 1874, 4·30 per cent.; and in 1875, 4·07 per cent.

725. To what do you attribute that increase?—To the application of the law. We were claiming, and being allowed, exemption upon all classes of fares at or under 1 *d.* a mile both ways, which is a very important thing; that is one of the anomalies. The judges and the noble and learned lords who dealt with this question decided that although a return ticket involved for the whole distance carried a rate considerably below 1 *d.* a mile, yet you could not have exemption unless the single journey between the same points was 1 *d.* a mile. Now, I want to know how that is consistent with this: one of the greatest inconveniences attending these metropolitan railways, and an inconvenience which is growing more serious every day, is the booking; that is a constant source of annoyance. There are two ways of getting rid of booking: there are return tickets, which involve the necessity of booking once instead of twice, and there are season tickets, which involves only booking once for a whole year. But we are not encouraged at all; we are, in fact, driven to diminish as much as possible the issue of return tickets or of season tickets, because, although the rate is, in case of season tickets, enormously less than the penny, we are not allowed upon it, because we cannot prove that the man who takes a ticket for a year travels every day both ways. That is so absurd, that one can hardly believe it possible; but that is the way in which the law is interpreted.

726. Then the result of the application of the law, as now laid down, in your opinion is prejudicial to the travelling public?—In fact, it throws upon us one of two things: to elect either to sacrifice a great deal of money which we are legitimately entitled to collect, or to put the public to very great inconvenience. With respect to season tickets, we had the remedy in our own hands, and we availed ourselves of it, and put on the duty; but, with respect to return tickets, we cannot put on the duty. What is the current coin of the realm which represents the duty on a 3 *d.* ticket or on a 2 *d.* ticket? I thought myself of reverting to a farthing. I think that it would suit me very well if I took a farthing upon every ticket.

Mr. *Samuda.*

727. There are no farthings?—They would have to mint some. The case of the Metropolitan District is of all the most strong, because there we have the river as well as the road; but all these metropolitan railways furnish the strongest possible illustration of what we say is a great grievance. Now, I will show you some of the practical difficulties which attend it. Our grievance is the gross injustice of it. We asked ourselves, very naturally, what this law was, and why it was passed? Was it the price of a monopoly? That is a fashionable theory, but it only wants to be discussed a moment to be exploded entirely; it was never thought of until 1870, when Mr. Lowe incidentally shadowed forth the idea that it was the price of a monopoly.

Chairman.

728. You deny altogether the theory of the railways having a monopoly?—Yes, it is ridiculous. Is ours a monopoly? We have got the omnibuses running over our very railway for a great portion of its length, and over the Metropolitan on the New-road for nearly its whole length; we have got the river steamers in all directions, and we have almost every kind of public conveyance competing with us untaxed.

729. Can you give us the numbers carried by your railway, and the numbers carried by the omnibuses in the year?—Yes. In order that this matter might be put somewhat clearly before you in a consecutive form, I have prepared some "Reasons against the Passenger Duty on the Metropolitan District Railway;" and, if you will allow me, perhaps I shall answer a good many questions by reading my reasons first. My first reason is this, I tell

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Mr. *J. S. Forbes*.

2 May 1876.

Chairman—continued.

I tell the history of the tax: "The Passenger duty was originally imposed on railways in 1832 to protect the public revenue from loss by abstraction of the traffic from stage carriages (which were then taxed), and it was fixed at the rate of ½ *d.* per mile for each four passengers." That is evident; there is no controversy upon that. This is what is material; all my grievance turns upon this: the injustice, the unfair treatment, and the breach of something which is very like a Parliamentary contract with my company. "In 1842 the duty was commuted into a charge of 5 per cent. on the gross passenger receipts," (Was it the price of a monopoly?) "and on the express statement of Sir Robert Peel, then Chancellor of the Exchequer, that this charge as so commuted was imposed to remove the injustice which stage-carriage proprietors were then suffering by being more heavily taxed than the railways competing with them." That is the origin of the tax. What I am prepared to show is that that has been the tone of every Chancellor of the Exchequer who has dealt with it. Sir Robert Peel's words are as potent now as they were when they were uttered; and this is his speech in Parliament when that duty was passed. It was the great Budget speech, as it was called, of 1842, when he swept away a good many taxes; I wonder that he did not at the same time sweep away the tax on an article of such primary necessity as locomotion. I have put it down in the margin of the evidence as "The origin and *raison d'être* of the tax." He says: "There is another and a different class of duties that I think unjust, and towards the removal of which I think a part of the surplus should be applied. In the first place I will call your attention to the duty upon stage coaches, and in dealing with this question you must consider the amount of competition which the proprietors of these coaches have to contend against, especially on those lines of road where railways have been established. To make that competition more difficult, you subject them" (that is the coaches) "to unjust taxation. As I said before, I am unwilling to place any new tax on locomotion, but I am anxious to propose the remission of existing incumbrances. At present, railways pay to the State only one-eighth of a penny a mile for every passenger; and speaking of the present year, I do not propose any augmentation to this tax. I do not mean to say that these duties are too low; but when the duty on stage coaches is considered, I say stage coaches pay a great deal too much. The rate of mileage imposed on stage coaches, if licensed to carry not more than six persons, is one penny a mile; if licensed to carry not more than 10 persons, 1½ *d.* a mile; if not more than 13, 2 *d.*; and if not more than 16, 3 *d.* Then in addition to this there is a licence duty of 5 *l.* besides the assessed taxes on coachmen and guards. On railroads no corresponding taxes are imposed." Then he goes on to say that the remission or equalisation of the duties, as between the two means of conveyance, will lead to a loss of revenue amounting to 61,000 *l.*; "but it is a loss which I feel persuaded can be vindicated on principles of strict and impartial justice." Why? to put them on an equality with their competitors. Now, if you will allow me, I will read that in another way; I will read what I believe Sir Robert Peel would say now if he were arguing my case: "There is another and different class of duties which I think unjust, and towards the removal of which I think a part of the surplus should be applied. In the first place, I will call your attention to the duty upon railroads, and in dealing with this question you must consider the amount of competition which the proprietors of these railroads" (that is the Metropolitan District and the Metropolitan, especially, and the London, Chatham, and Dover Railways, which are the three railways for which I speak) "have to contend against, especially on those lines of road where omnibuses and tramways, and on those rivers where steamboats have been established. To make that competition more difficult you subject them to unjust taxation. I am unwilling to place any new tax on locomotion, but I am anxious to propose the remission of existing incumbrances" (that applies equally to railways, or coaches, or anybody else); "at present railways pay the State, or are called upon to pay, 5 per cent. upon their gross receipts from passengers. I do not propose any augmentation of this tax; I do not mean to say that the duties are too low, but when the duty on stage-coaches is considered, I say that railways pay a great deal too much, because the duties on stage-coaches have been almost entirely abolished." He then goes on to say what duties he proposes, and then he goes through a graduated scale, which is attached to the Act, up to 3 *d.* for 16 people, in addition to which there is a licence duty of 5 *l.*, besides the assessed taxes on the coachman and guard. On railways no corresponding taxes are imposed. I invert that, and I say that on railways it is proposed to put a tax of 5 per cent. upon the gross receipts, which is an enormous tax upon their profits, and no corresponding tax is imposed upon the people competing with them. Therefore it is useless to talk about monopoly. That is Sir Robert Peel in 1842.

730. What you wish us to infer is, that as an act of justice towards other means of locomotion railways were taxed, and that the tax having been taken off other means of locomotion, the reason why railways should be taxed fails?—That is my proposition. It is as distinct as language can be, not that he thinks that a tax imposed upon railways is a good tax or a tax which ought to be imposed anew, because he distinctly says, "I do not propose any augmentation; I do not mean to say that these duties are too low, I am anxious to propose a remission of existing incumbrances." The whole spirit of his language is against the tax, but he says it is an act of justice to those people who are being competed with by a new means of conveyance; that that new means of conveyance should be, at all events, under the same burden of taxation as they are; that is the origin of the tax; that is the theory which has been established and acted upon all through the piece. Then what does Mr. Gladstone say about it in 1863, a good many years after, and when all the consequences which had been foreseen about railways, or a good many of them, at all events, had arisen? He describes how the exemption came about, and all that, which has nothing to do with the origin of the tax; this method of interpretation about the character of the exemption had been agreed and acted upon by all parties from 1844, and the result of that was that in 1863, Captain Galton having, as you remember, in 1855, called specific attention in his Report

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Chairman—continued.

Report to the Board of Trade to the fact that the assumed tax of 5 per cent. was really not levied, excursion trains and so on being exempt, Mr. Gladstone came with a budget to revise the taxation on locomotion. What does he say in 1863 in his financial statement? "The House is aware that railways are supposed to pay 5 per cent. upon their passenger receipts; but in 1844 a sort of compact was made between the Government and the railway companies, and it was ratified by the legislation of this House, under which the railway companies undertook the obligation to run a certain number of trains at fares not exceeding 1 *d.* per mile, upon the condition of the exemption of those trains from taxation. It may be said that this was a covenant then made between them and the Government, and that if the exemption be discontinued they are released from the obligation of running the trains; that is, so far as regards the trains contemplated by the Act of 1844." Then he goes on to say that the case of the exemption is peculiar, that it has been applied to excursion traffic; and then he says something as to which, with the greatest respect to him, having had the opportunity of discussing this question with him many times, I totally disagree with him: "In the first place it is wrong, unless for special and strong reasons, to draw a distinction between one kind of traffic and another" (there I quite agree with him), "and so give a premium to railway companies to cultivate one kind of traffic in preference to another" (there I quite agree with him); "in the second place, it is not only wrong, but absurd, to give that particular premium in the case of what we term excursion traffic." Now, if the working man has one necessity as strong as another, it is the necessity of being taken out of London, or Manchester, or Liverpool, or Leeds, or any other place, on a Sunday, and if he is to have special legislation for him on a weekday, he certainly should not lose the benefit of it on the Sunday, nor do I think that the railways should be taxed for affording to him the opportunity which is quite as essential to him on a Sunday as on a weekday, and perhaps more so on some grounds. Then Mr. Gladstone goes on to say that "The effect of this singularly anomalous arrangement is that, while railways are supposed to pay 5 per cent. on their receipts, they only pay between 3 and 3½ per cent.; and in the case of some railways which deal only in a particular kind of traffic not much above 2 per cent.; and so far they may, perhaps, be thought to give a fair subject for complaint to competing interests." Then he goes on to say: "What we propose is this; to destroy the exemptions altogether and to commute the payment of 5 per cent., with exemptions, into a payment of 3½ per cent. without exemptions." Why? "The result will be nearly the same; it will be slightly in favour of the Treasury, but we shall establish a sound principle instead of an unsound principle, and an equal state of things between rival interests." There you have again the same idea as Sir Robert Peel's; that answers two questions: What was the conception entertained at that time by the authorities as to the incidence and value of the tax? It was to be assessed at 3½ per cent.; that was the practical outcome; that was its value as assessed under the state of things that had continued from 1844 or 1845, up to 1863.

Mr. *Samuda.*

731. He did not mean to keep it at a permanent amount, did he?—No, he says it twice over: "And so far they may, perhaps, be thought to give a fair subject for complaint to competing interests."

Chairman.

732. What was the condition then with regard to stage-coaches and other means of locomotion?—In this Act he modified the duties.

733. At the time at which he was speaking, the modification had not taken place?—No, that came in 1866.

Mr. *Arthur Peel.*

734. When Mr. Gladstone refers to competing interests, what change had been made in the taxes upon locomotion since Sir Robert Peel's time?—I will give that presently; I am trying to make out my case as to what the tax was in its origin; I want to explode the idea that it is the price of a monopoly.

Chairman.

735. I think that, in order to make your statement quite clear, one ought to know what, exactly at the time Mr. Gladstone was speaking, was the taxation upon those means of locomotion which competed with the railways?—That, I think, is given very clearly in the Report of the Amalgamation Committee; you heard Mr. Melvill's account of what was stated in Captain Galton's Report in 1855; he pointed out that a very considerable proportion of traffic had come under the exemption of third-class traffic, and, amongst other things, excursion trains; nothing was done in 1855, and nothing was done in 1857, when he cursorily drew attention to it again. But in 1863 it seems to have attracted the attention of Mr. Gladstone, and the object of this legislation was to remove what he described as the anomaly of including excursion trains and certain other trains in the exemptions. The Report of the Select Committee on Railway Companies Amalgamation, in 1872, says: "In process of time excursion trains became profitable, and the companies claimed exemption from passenger tax in respect of them." Then it says: "To stop this abuse an Act was passed in 1863, providing that the exemption from duty should not extend to any train not running six days a week, or not being a market train approved as such by the Board of Trade, or a third-class Sunday train approved by the Board of Trade." I dare say Mr. Rickman, or some of the Inland Revenue people, will tell us whether the taxes on stage-coaches had been modified after that time.

Mr. *Bruce.*

736. I see in the statement which you have handed in a passage in paragraph 2, that the tax on stage coaches was, previously to 1866, at the rate of a penny per mile per vehicle?—Yes, Mr. Gladstone does advert to the fact that the reason for the legislation is that equality shall be maintained in accordance with the spirit of Sir Robert Peel's legislation between competing interests, or rival interests, as he calls them. Then Mr. Melvill favours us with his views. He seems to have been consulted at a later period by Mr. Lowe. At Question 97, he was asked, I think, by the Chairman: "Taking it as a question of public convenience as against the receipts of the

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Mr. J. S. *Forbes*.

2 May 1876.

Mr. *Bruce*—continued.

Inland Revenue, would it, in your opinion, be more convenient that the Cheap Trains Act should be rigidly enforced, or that there should be a 3 per cent. duty in the form which Mr. Gladstone proposed?" His answer is: "I should be all in favour of 3 per cent., and there would be no obligation and no exemption; and when I was consulted at a later period by Mr. Lowe, I proposed a much more favourable mode of dealing with it; but I believe that that was not palatable."

Chairman.

737. That 3½ per cent. suggested by Mr. Gladstone, you say, was upon the ground of equality; what was the corresponding tax upon other means of locomotion which rendered this 3½ per cent. a fair tax upon railways?—I apprehend that the tax upon ordinary means of conveyance at that time had not been modified; but that it remained the mileage duty and the excise licence.

738. Therefore the 3½ per cent. was suggested by Mr. Gladstone as a tax upon locomotion by railway equivalent to the then existing charge upon other means of locomotion?—No doubt; then, to observe consistency, I now want to see what Mr. Lowe says, because that is very important. Mr. Melvill said: "I will refer the Committee to Mr. Lowe's financial statement in 1870; his proposition, as I dare say the Committee will remember, was to take 3 per cent." This is what Mr. Lowe said: "I now turn to the subject of railways from which a considerable revenue, amounting to 495,000 *l.*, is derived; being a means of locomotion, they have some right that their claims should be placed in some degree on a level with those other interests connected with locomotion in whose case taxation was remitted last year." There you see the idea is maintained successively by those three men: Sir Robert Peel tells you what the tax is levied for with reference to competing or rival interests; Mr. Gladstone, when he proposes to modify the state of things with respect to railways in 1863, tells you that it is to keep up the relation of equality between them and rival interests; Mr. Lowe, in 1870, proposes a remission of the tax. Mr. Lowe said that the railways had "some right" that their claims should be placed on a level with those of other interests connected with locomotion; if I had been Mr. Lowe, I should have put it a little more strongly, and said that they have "every right," and that is what I say now, that their claims should be placed, not "in some degree," but "in every degree on a level with those other interests connected with locomotion in whose case taxation was remitted last year." There was a very material remission of taxation at that time; I believe the mileage duties were abolished, and a tax was imposed upon horses and vehicles; two guineas, I believe, was the licence duty, and 10 *s.* 6 *d.* per horse. Now, then, for this monopoly shadow. Mr. Melvill says: "They are taken off horses, but not off carriages; omnibuses pay two guineas to the Inland Revenue, and 2 *l.* towards the police fund." What Mr. Lowe, or whoever was the Chancellor of the Exchequer the year before that, did, was to do away with the mileage duty; to do away with the five-guinea licence; and to reduce the whole thing to a two-guinea licence and 10 *s.* 6 *d.* per horse; and a year or two afterwards that followed. Now, Mr. Lowe goes on: "I cannot

Chairman—continued.

consent that they" (that is the railways) "should be entirely put upon the same level" (that is, the interest connected with locomotion, in whose case taxation was remitted last year), "because they enjoy a certain qualified kind of monopoly." That is the first time in all my experience of this question that I have ever heard the tax defended on the ground that it was the price of a monopoly. Then Mr. Melvill confirms that, because, in a parenthesis, he says: "This is the first time that the question of monopoly enters upon it." Then Mr. Lowe continues: "The tax levied upon railways is 5 per cent. on passengers; there being an exemption in favour of third-class passengers, who are conveyed in trains approved of by the Board of Trade, running once a day, and stopping at every station. This is a duty which it is exceedingly difficult to collect." (That is quite true.) "I find that the gross receipts from all the railways in England, for the year 1869, were a little more than 38,000,000 *l.* This was divided into 23,000,000 *l.* for passengers, and 15,000,000 *l.* for goods. Now, it seems to me to be unjust in taxing railways to pick out a particular class of traffic. I do not see why a tax should be put on passengers, except to enforce the regulations of the Board of Trade, and I think it would be better to tax the traffic as a whole. We propose, therefore, to abolish the 5 *l.* per cent duty and the exemption, leaving the Act to be enforced by the Board of Trade. The matter will require a good deal of consideration, for I regret to say there is also a litigation between the Inland Revenue Department and the railways as to their compliance with that Act. But the effect of taxing the whole gross traffic by railway, putting on 1 per cent., would be that I should receive, instead of 494,000 *l.*, as I do now, a revenue of 387,000 *l.*, being a remission of 107,000 *l.* This remission will, of course, act differently upon different railways." And then it brings you down to this: "On the whole, I believe it would be a fair way of collecting the tax, and it is only just" (those are the words I rely upon all through) "to do something towards remitting the taxation on railways, and placing them on a level with other locomotive interests."

739. There is equality again?—That is my case.

Mr. *Samuda.*

740. If you derive your case from the last part of Mr. Lowe's remarks you must get rid of the previous part of it where he says that you enjoy monopoly; which of the two do you take?—That is where Mr. Lowe for the first time in a very cursory way talks about "a qualified kind of monopoly;" and in virtue of that talks for the first time of a tax as the price of the monopoly; the price of the monopoly not being a passenger duty inflicting a most unjust burden upon certain railways, but a tax which would operate equally upon all railways in Ireland as well as in England.

Chairman.

741. But that suggestion of Mr. Lowe's was never carried out; and was not that in consequence of the railway companies themselves preferring to leave things as they were to embarking upon ills which they knew nothing of?—Yes; I took a long part in the discussion; I was one of the deputation to Mr. Lowe, and what we said

was

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Chairman—continued.

was this: "No, this will not do; we do not recognise this monopoly theory at all; we have paid quite enough for our monopoly already, and this is a dangerous principle; it would be aggravating the present inconvenience. We complain that the present tax is grossly unjust to us, and is attended with disadvantage to the public. If you extend it to all sorts of traffic you will find yourself in all sorts of difficulties. We want the remission of the passenger duty, and not a duty upon mineral and goods traffic." Mr. Lowe said: "If you cannot agree amongst yourselves, we must go on." I do not think that that is consistent with the words in his speech that there was a case for removing an injustice. To neglect to remove a grievance is not the way to remove an injustice.

742. The parties to be affected did not see the justice of the proposal which Mr. Lowe made?—No.

743. His sense of justice and the sense of justice of the railway companies were conflicting?—They were; the railway companies maintained the argument which I try to maintain here, that this was a duty of a particular kind imposed for a particular reason, and the moment that reason ceased, it became an injustice.

744. But if you take Mr. Lowe's views, and take them, not in part but in whole, he seems to have suggested that there should be a tax upon railways generally, as a sort of compensation for the qualified or quasi-monopoly which he thought they enjoyed?—Yes, and which he for the first time started. He said: "Well, I think you have a good case practically for taking off this thing, because it was imposed for a particular object, and now that other people are relieved, you ought to be relieved; but I think you people have become possessed of a monopoly, for which you ought to pay something."

745. If your views are correct as to the railway which you more particularly represent now, you deny altogether the existence of a monopoly on the part of railway companies?—But is there a monopoly? You may make a hundred thousand assertions in the most positive terms, but unless they are founded upon reason and common sense and evidence, they are useless.

746. In point of fact, the railways in the metropolitan district, at all events, have not driven off the omnibuses or the steamers?—It would not be a monopoly if we had; a monopoly goes much beyond that. I heard this monopoly talked of the other day, and I thought I would see what it was; and here are three distinct interpretations from the authorities; I will not give you the Greek or the Latin, because you know that quite well; but here is the good English: "The right to buy or sell a thing, to the exclusion of all others;" "the exclusive right of selling anything;" "the sole power of making, dealing in, or selling anything." I have told you about the Metropolitan District Railway, competed with at every point by the river steamers which are wholly untaxed, and which have not even their own road to provide or to maintain; competed with over its whole length by the omnibuses, which are almost wholly untaxed, and which not only have not their own road to maintain, but call upon us, the largest taxpayers in every parish they go through, to maintain and light their roads for them.

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747. Have you got the figures that you paid?—Yes, I think so. That being so, I ask, has the Metropolitan District Railway a monopoly?

Sir *Harcourt Johnstone.*

748. Your remarks only apply, of course, to the Metropolitan District Railway?—Clearly to any railway.

Mr. *Samuda.*

749. Does the Metropolitan District Railway represent the whole of the railways in the kingdom?—No, not in the least.

Mr. *Arthur Peel.*

750. Are there no towns in England served by only one line of railway?—Very few.

751. Have you never heard complaints made of the high rates charged by companies to such towns?—Of course.

Mr. *Samuda.*

752. You do not, I suppose, wish us to accept unconditionally the statement that railways possess no exclusive right?—I am here to represent the particular case of my railway. I shall have to represent another case presently, that of the London, Chatham, and Dover Railway Company, which I shall make quite as strong, on the ground of no monopoly, as the case of the Metropolitan District Railway. However, there it is.

Chairman.

753. Those are your views?—Those are my views, and those are the facts; and that is our grievance as regards the District Railway, that we are enormously taxed in the face of competitors who are wholly untaxed.

754. Will you now proceed with the Paper which you have put before the Committee?—This Paper puts into shape the effect of the inequalities of the law as between these particular railway companies, and it will apply equally strongly to the Metropolitan Company and some others as to the Metropolitan District Company. I have worked out the origin of the duty, and the remarkable unanimity of feeling which is expressed in these speeches as to modifying it and continuing it from time to time. "The tax upon stage-coaches was, previously to 1866, at the rate of 1 *d.* per mile per vehicle" (I want to see, of course, what is the effect of the remission of taxation on my competitors, the omnibuses), "equal to a charge of 94 *l.* 18 *s.* per omnibus per annum; the tax was afterwards reduced to ¼ *d.* per mile; and, in 1870, the mileage tax was entirely abolished, and a tax on horses substituted. In 1875, the duty on horses was totally repealed. The only revenue duty to which the London carriers of passengers by road are now subject is, for each omnibus, a licence charge of 2 *l.* 2 *s.* per annum. The river steamers, which compete with the District Railway even more severely than the omnibuses, are wholly untaxed. Whilst thus the competitive means for the conveyance of passengers in London in the case of steamboats are wholly free, and in the cases of omnibuses and tramways almost free from taxation, the duty upon the passenger receipts of the Metropolitan District Railway continues to be exacted with ever increasing severity. The Metropolitan District Railway Company was promoted and constructed when mileage and

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licence duties were levied upon competitive omnibus traffic, and a capital of nearly six millions has been expended by the company in the reasonable belief that there would be equality of taxation between them and their competitors."

755. Why do you insert the words that you believed, "that there would be equality of taxation between them and their competitors"?—Because you have had over a series of years to consider the effect of the taxation upon the receipts; and because it has been so clearly ascertained that it was in order that the railway companies should not enjoy an exemption from the taxation imposed upon other vehicles and conveyances, that the duty was submitted to and accepted as a matter of course.

Mr. *Samuda.*

756. But when you made your railway were not the same means of locomotion in existence, and in operation against you?—They were.

757. And one of those two means, at any rate, was wholly untaxed?—Yes, the river steamers.

758. Then you entered upon the field with the knowledge that the river steamers were untaxed?—No doubt we did; but we entered upon the field with the knowledge that the omnibuses were very heavily taxed. I will come to that steamboat matter presently, because that involves a little qualification, and I shall have to illustrate the great hardship upon the railway companies involved in their obligation to the public as against the obligation on the river steamer companies, who can take off their boats when it does not pay to run them. "In the case of the London General Omnibus Company for the year 1875, the remission of mileage duty (as levied up to 1866) amounted to about 48,000 *l.*; this large remission is equal to a dividend of 8 *l.* per cent. upon their entire capital, the General Omnibus Company having in fact paid a dividend of 9 *l.* per cent. free of income tax for the year 1875." Then we bring forward the way in which two competitors for an article are loaded with taxation of all kinds. "In addition to passenger duty, the District Railway Company have to pay a large sum annually for local rates (from which their competitors are also almost exempt), including the maintenance and lighting of public roads which the railway company do not use or damage, but which are much injured and used free of all toll by their competitors." When our railway was designed, there were such things as tolls on all the roads in and out of London, and those tolls were borne by the particular vehicles using the roads. Those tolls have been abolished and thrown upon the ratepayers. We, amongst other things, are almost the largest ratepayers in the parishes through which those very omnibuses ply. The burden has been transferred from their shoulders to ours. "In the year 1875 the District Railway Company paid for local rates 4,663 *l.*, or equal to 1 *l.* 15 *s.* 10 *d.* per cent. of the gross receipts. The London General Omnibus Company paid for local rates 2,652 *l.*, or equal to 9 *s.* 10 *d.* per cent. of the gross receipts." That shows the inequality of the local rating of the two. Then we say that if this working men's question is to be considered at all, "The District Railway is essentially a working man's line. They convey underground, upon a road constructed and maintained at their own cost, the same description of traffic which their untaxed

Mr. *Samuda*—continued.

competitors, the omnibuses, carry above ground, on roads constructed and maintained by the public. The railway company contend that they should be placed, at least, on an equality in regard to exemption from taxation with competitors, enjoying, as the omnibuses and steamboats do, so great an advantage as a free road." Then I see how the actual figures taken together operate upon the two people who have to do this service. "A glance at the operations for the year 1875 of the District Company, and the Omnibus Company, side by side, will show how far this is from being the case." Now then, what is the service which we render to the public, what is the price we get for the service, and what is the relative load of taxation which we have to bear? Those are three fair things to look at, one by the side of the other. We carried 27,320,754 passengers, and we received 260,353 *l.* The gross receipt per head was equal to 2·28 pence, and a very small decimal becomes of enormous importance on the profit and loss account (I call your particular attention to that), when you come to deal with millions of people.

Mr. *Samuda.*

759. That means 2·28 *d.* on each passenger, no matter what distance he travels?—Yes. Now what was the load laid upon us by taxation and by the necessity of providing our own road? Passenger duty, 10,610 *l.*; local rates, 4,663 *l.*; maintenance of road, 12,361 *l.*; total, 27,634 *l.* Therefore, the gross receipt per head is reduced by these charges to 2·05 *d.*, which is the money we have to deal with. The General Omnibus Company carried 49,720,038 passengers (of course their area of service is very great, and when you put the Metropolitan figures to ours, you will see what an enormous additional service we render to the public, as compared with the omnibuses). Their receipts were 537,000 *l.*; payments for licences, 1,268 *l.*; local rates, 2,652 *l.*; maintenance of public roads, nil; total, 3,920 *l.* for taxation and road, as against 27,634 *l.* for nearly double the number of passengers, and about double the income. These are the receipts per head; gross 2·60 *d.*, ours being 2·28 *d.*, so that they get ·32 *d.* on the average more out of each passenger than we get; and that is accounted for by the fact of their fare being 2 *d.* for any distance, no matter how small. The net receipt is 2·57 *d.* That is very important if you come to consider the profit and loss account; and I am obliged to say that railway companies think that they have some claim to a little profit. If the railways had been made, and if the companies were bound to carry on this business without the slightest reference to profit, some of the theories which are broached might hold water; but it is fair that they should be encouraged to get a reasonable profit, and the whole of the legislation connected with railways has been based upon the theory that they were entitled to a reasonable profit.

Mr. *Macdonald.*

760. Do you ask the State to afford them profit?—No, I ask the public: "Thus the omnibus company receive, to begin with, an average fare higher by 14 per cent. than the fare received by the railway company; and whilst the omnibus fare remains almost unaffected by taxation, that of the railway is reduced until it is 26 per cent., or

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Mr. *Macdonald*—continued.

or 0·53 of a penny lower than their competitors, a fraction representing over 60,000 *l.* per annum of gross income to the railway company." Here is another way of stating it: "The amount paid by the railway company in 1875 for passenger duty, local rates, and for the maintenance of their own road, was equal to 10 *l.* 12 *s.* 3 *d.* out of each 100 *l.* of gross receipts from passengers; whilst the omnibus company, having no road to maintain, no passenger duty to pay, and being but lightly assessed to the local rates, paid only 14 *s.* 7 *d.* for each 100 *l.* of gross receipts." There is something about dividend in this Paper. I should like, at this point, to call attention to the consequence of this sort of thing. The omnibus company, as I have explained, in 1875 paid 9 *l.* per cent. free of income tax. The river steamboat companies, which I know something about, have latterly amalgamated; all the interests on the river have been united in one company, and it is called the London Steamboat Company. The red line on this map shows the ground which they cover. I have got to meet them as the District all about London, and when I get down the river I have got to meet them as London, Chatham, and Dover. They go to Gravesend, and down to Sheerness, and to a great many places, and to the East Coast; and the General Steam Navigation Company go to the Kent coast. What is their position? They are wholly untaxed; they are not, like us, subject to an obligation to keep their railway open all the year round, day and night, practically, and in all weathers, because when it suits them they take their boats off. They paid in their first year 10 per cent. The Company was incorporated on the 3rd March last, and they have 38 steamboats; they work a long way down the river, and they pay 10 per cent.

Mr. *Samuda.*

761. That is a very short period to refer to; many of those companies have broken up altogether, I believe, since they were established?—Have they? Now, unhappily for us, this is our case: "The District Railway Company have not since the opening of the railway been able to pay even the smallest dividend" (not one single penny) "upon their ordinary stock" (which is 2,250,000 *l.*), "while, on their preference stock of 1,500,000 *l.*, the whole sum paid during four and a half years has been only 71,250 *l.*, equal to an average dividend of 1 *l.* 1 *s.* 1 *d.* per cent. per annum; while the amount of duty paid has been 34,836 *l.*, equal to an average dividend of 10 *s.* 3 *d.* per cent. per annum on the same amount of preference capital. The duty has been equal to an income tax of over 6 *s.* 6 *d.* on every 1 *l.* of dividend earned."

762. Unfortunately for you, if you had had no duty to pay you would still have had no dividend on your ordinary stock?—We should have had 34,836 *l.* towards it. It shows the enormous way in which we, as participators in a public service, suffer.

763. It is reasonable to put it in that way, that you would have been that amount better off?—If you admit that it is reasonable I am satisfied. Now this raises another thing, I was almost going to say, the iniquity of the tax, but I suppose I must not use strong language; but one of the evils of the tax is the inequality of its application. In some railways it would be possible to add the duty to the fare, and, therefore, make the public pay it. If Parliament has recognised the right to do that, it is a legitimate thing to do where you can.

Mr. *Samuda*—continued.

764. I presume it is always done where you can?—No, it is not indeed; and I will explain the reason why. In the case of the Metropolitan District line this cannot be done to any appreciable extent. We did it on the season-ticket holders, because they were carried at a very low rate, and it was an easy thing to do, because you can collect it in one sum; but on a penny or a twopenny ticket what factor are you to deal with? Now I am going to touch very tender ground. This rather points at Mr. Lowe, but I must guard it by saying that I myself deprecate in the strongest manner the idea of extending a tax to the conveyance of coals, or minerals, or anything of that sort. I cannot conceive any such step of retrogression finding even a moment's favour in the mind of any man of business. Many railways derive their chief profit from the conveyance of goods and minerals upon which there is no tax whatever. In the case of the District Company, the receipts are derived entirely from omnibus traffic, which is competed for all along the line, and the whole of that is liable to duty. Then our railway cost three-quarters of a million a mile.

Chairman.

765. That is more than was expected?—It is rather more than was expected, but it is less than the Metropolitan; but there it is. I have put in this Paper, a Table showing three methods of stating this thing. There are the gross receipts, including goods; that is upon the theory that a railway is a monopoly; if so, it ought to be taxed upon some intelligible principle. That was Mr. Lowe's theory, that they ought to be taxed upon gross receipts. Then there are the passenger receipts; and I should like very much to urge upon the Members of the Committee, as affecting my case, the effect upon the profit. If it is a reasonable and legitimate thing that a railway company, in return for its enormous risks, should have a reasonable profit, let us see the effect of this duty upon the profit. In our own case, upon the total income of the company, including rents and charges, the duty was equivalent to 3·89 per cent.; upon the passenger receipts it was equivalent to 4·08 per cent., and on the net revenue balance it was 7·40 per cent. Then, unfortunately, I am sorry to say that I represent the next company, who seem to have suffered severely, namely, the London, Chatham, and Dover Company; they, like the District Company, are ill able to bear it, and, somewhat on a parallel with other sufferers in the world, being least able to bear it, they have the heaviest load to carry; it was 2·65 per cent. on the gross receipts, on the passenger receipts 4·28 per cent., and on the net revenue balance 6·41 per cent.; those are the actual figures that the duty came to last year. On the Metropolitan it comes to 2·75 per cent. on the passenger receipts, and 3·9 per cent. on the net revenue balance. And so you go down that Table. The London and North Western Company seem to have paid pretty heavily, but they pay because they put it on everywhere, or at a great many places, I understand. Therefore it is merely giving back with

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Chairman—continued.

one hand what they take with the other. But you find that the biggest people get off the easiest.

Mr. *Samuda.*

766. But that is because they carry so much goods, is it not?—People who have the largest net profit pay the least.

767. But that is because they happen to derive it from a different source?—Exactly. That seems to justify the statement that this "duty tax presses most unequally upon the poor lines, as it is levied upon gross receipts and not upon profits."

Chairman.

768. One may imagine that this was present to Mr. Lowe's mind when he made that suggestion in 1870, but, as I understand, you and others would not at all recognise the principle of goods being taxed?—No, I should be sorry to recognise it now. However, that is what it would be. Taking the passenger receipts you will see great anomalies there, and I cannot understand how they arise; but there they are.

769. How do you account for the fact of the Manchester, Sheffield, and Lincolnshire Company being apparently so favoured as it is?—I should think, upon the surface, that they probably afford a much smaller amount of passenger accommodation than some of the other railways, and probably stop at every station; and, having a particular population to carry, conform more fully; or perhaps the arrangements of the Board of Inland Revenue in their case have been more favourable; they have tried a great variety of ways to make this workable.

Mr. *Samuda.*

770. But no matter if they do stop at every station, they can only get one train a day exempted?—The law is, that every train which conforms to these conditions is exempted; that is the effect of the judgment. The Judges went a good deal further in that particular than the Inland Revenue did. That rather bears out my view that there were two things intended: first of all an obligation of a minimum character, and the other a premium or inducement to do a certain thing. I should like to add something with regard to the view entertained by the authorities as to this particular traffic on the Metropolitan District Railway. Mr. Melvill was kind enough to deal with it, and Sir Stafford Northcote has done the same thing. One honourable and learned Member put this question to Mr. Melvill (No. 400), and this rather bears upon the question put by the honourable Member as to whether the case of the Metropolitan District Railway Company was the case of all railways, or of most railways: "I think your general impression, subject to the question of exemption, is in favour of the retention of the power of taxing." Mr. Melvill was very distinct, whatever his opinion might be about the tax, that he would be against the tax if the question were put to him again as to the policy of such a tax; but he thought the tax might be retained in order that there might be an exemption, so that, through the exemption, certain services might be rendered, and certain things done which are not now done. He is against the tax on principle; he merely looks upon it as a means of enforcing, through exemption from taxation, the exercise of certain duties which are not now done. That was the general view. Then he is asked, at Question 401: "In coming to that conclusion have you at all entertained in your mind the question of the competition with railways of other classes of traffic?" And he says: "I do not think they are affected by much competition for passenger traffic." Then the Question 402 is, "Not in the case of suburban traffic?" To which Mr. Melvill replies: "That is exceptional; I am dealing with the thing generally; exceptionally, very likely it is so; for instance, in the case of the Metropolitan Railway, and I am ready to admit that the Metropolitan Railway is in an exceptional position." And then the next Question is: "And railways situated similarly to the Metropolitan Railway?" And the answer to that is: "Yes; I merely take that as an illustration." Then he is a little inconsistent in his idea about not abolishing the tax in order, through the tax and exemption from the tax, to have a machinery for controlling the companies; because he is very strong indeed upon what their self-interest would dictate to them to do. Sir Harcourt Johnstone asked him, at Question 406: "Should you have any fear of the public being unprotected?" And Mr. Melvill answers: "I think not; because I think the self-interest of the companies, which is great, would tend in the same way to the benefit of the public."

Mr. *Samuda*—continued.

Chairman.

771. The evidence which you have given with reference to the Metropolitan District Company would apply to a considerable extent to all suburban lines connected with the metropolis and large cities and towns in England, would it not?—It applies enormously to the North London, the Metropolitan, the Great Eastern, the London, Chatham, and Dover, and the South Eastern Companies.

772. When you say that this is the Metropolitan District case, although you come here more particularly representing the Metropolitan District Company, the evidence which you give applies as well to other lines connected with the metropolis?—It applies to any lines affected seriously by the competition of other carriers whether by road or water.

773. But those lines which I have mentioned and other lines, for instance, in the neighbourhood of Liverpool and Manchester, are all subject, are they not, to a certain amount of competition?—Yes; every railway serving a large town that has a large urban or suburban traffic has the same case as we have.

Sir *Harcourt Johnstone.*

774. There are no conditions precisely analogous, I think?—Perhaps not, absolutely; I do not know that the accommodation of the public by railways has been carried to the same extent in any other place as it has in London. A general deputation went to the present Chancellor of the Exchequer, Sir Stafford Northcote, on this grievance in 1874. He is inclined to look upon the Metropolitan system as somewhat exceptional. He says: "With regard to the great question of the tax upon locomotion generally, I think I can only be expected to say that it is one of those points which must engage the attention of any Chancellor of the Exchequer when he is considering the mode in which the Budget of the year is to

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Sir *Harcourt Johnstone*—continued.

to be arranged; for of course the duty of a Government when they have to arrange a Budget is to take into consideration the whole range of questions connected with finance that are of importance; to give due weight and importance to each question; and to endeavour as far as possible to adjust the claims of different interests of the community. Nobody can doubt that, taking the question of locomotion by itself, it is one of national importance that locomotion should be made as free as possible. Nobody can doubt that a very large proportion of the progress of the last 30 or 40 years has been due to the enormous development of the facilities for locomotion which have been given by the railway system; and, therefore nobody can doubt that it is for the interests of the public, speaking in general terms, that any burden upon that system should be as far as possible, and consistently with other claims, taken off or reduced."

Chairman.

775. Do you believe that if that alteration or remission of the passenger duty which you have been suggesting were made the public would be gainers?—I am quite sure that they would.

776. And that the benefit would not be confined to the railway shareholders and proprietors? — No; the public would be benefited in the positive return to their pockets of a large sum of money which is now taken out of them, and they would be benefited in a great number of ways of equal value, not quite in coin, but in accommodation. It is a very bad thing for the country that a traffic manager in dealing with a time bill should be tied up with all these restrictions. Taking a train running between two particular points, it might be a very great convenience. If I run this train quickly it serves 999 people in the week between two or three fixed points; intervening there are some other points where the odd man in the thousand goes; if I am to accommodate that man, I impose an inconvenience upon 999 others; if I do not accommodate him I lose a sovereign on that train in duty; those are the alternatives. They do not always prevail, but they do very often. One desires to speak with the greatest respect, of course, in these matters, but I think that the railway companies are not at all open to what I hear suggested; that is to say, that they have gone on extending accommodation, and running more workmen's trains, and giving more facilities with their eyes open under this law, and that they have done that because it has been their absolute interest. I can only say that, so far as I am concerned, that is quite a fallacious statement. I have believed for several years that the injustice of the continuance of this passenger tax would be recognised by Parliament. I have been alive to the enormous inconvenience which would be imposed upon the working people by restricting the facilities which have been given to them. I know hundreds of working men who have been induced, in consequence of the facilities which we have afforded, to remove their families, and to commit themselves to houses in the country, and there they are; believing, as I do believe, that we shall get an entire remission of this duty, or, at all events, a considerable modification of it (I go for an entire remission, because I believe it is just), I have gone on for years saying, "Am I to put an end to a state

Chairman—continued.

of things that we have created, and to withdraw the facilities to recoup myself, or am I to wait for a year or two in order that representations may be made to Parliament, and that Parliament may be induced to do justice?" I have no notion that the fact of my having exhibited that forbearance, and gone on losing money in the hope that Parliament would take a favourable view, would subject me to the answer: "You have done these things, but you have done them for your own interest: why do you come here and ask for a remission of taxation, when you have accepted obligations which were not imposed upon you?" That is how the public would gain the benefit, and it is perfectly certain that if the result of the effort which we are making, and which we think we are fairly making, to have this matter reconsidered is unfavourable; if we are left under the present burden, or what the present burden may become, because it is really 5 per cent. upon all our receipts, in order to do justice to all alike, the Inland Revenue Department must impose upon all alike a charge, and the duty in every case where the law is not strictly observed, and in our case it will involve a payment of 5 per cent. If I am subject to that payment of between 10,000 *l.* and 12,000 *l.* a year, I must at once proceed to see how I can get the money. I shall get it out of the public in some shape or another; I cannot get it in money, but I must get it in some other shape. Is that a state of things in the public interest? That is my answer to all these assertions.

777. You have a word or two to say about the London, Chatham, and Dover Company, I think? —Yes; and there I intend to avail myself of the use of a map which speaks through the eye; the red line shows the London, Chatham, and Dover Railway, and the manner in which the London, Chatham, and Dover Railway is affected by the trams and omnibuses. The parti-coloured lines represent the chief highways south of the river, all concentrating to London Bridge in one direction, and to Victoria in another, and to Blackfriars. Those are the lines of omnibuses from Blackheath, Greenwich, Peckham, and Dulwich; in all these districts we are in active competition with omnibuses, which in like manner fix our rates.

Mr. *Samuda.*

778. For the suburban portion?—Yes. Then we come to the river, and there this map tells pretty much the same story. The dotted brown line indicates the stations of the steamers; there are Sheerness and Gravesend steamers; but the ones which compete with us most severely are the Ramsgate and Margate steamers. The South Eastern Company have a very strong case here, because they are on the river, and the whole of the traffic to Greenwich and Woolwich, and the whole way down as far as Gravesend is affected. You may say that the Chatham and Dover are too far off to be affected; but that is not so, because the steamboat fixes the fare to Gravesend and Gravesend fixes the fare to those points on our line; so that, although we are some considerable distance from the river, the fares all the way from London are affected by the river competition because they fix the fare for the South Eastern, and the South Eastern fix our fare. Then, with respect to Ramsgate and Margate, we carry a very large amount of

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Mr. *Samuda*—continued.

excursion traffic in the summer time. I think last year we carried about 150,000 people, and we carried them at a rate considerably under a penny a mile. When a man goes to Ramsgate or Margate he does not particularly want to begin his journey at Victoria or Ludgate Hill and stop at 30 or 40 stations all the way to Ramsgate and Margate; he wants to go quickly. The penalty which we pay for carrying him at express speed is the payment of the duty at 5 per cent.

779. On the one hand you pay that, and on the other hand you get him as a passenger?—Yes; the steamboats to Ramsgate and Margate, which carried last year about 80,000 passengers, carry at about the same fares. They fix our fares for that traffic and they pay nothing. That is another illustration of the manner in which the injustice applies.

Chairman.

780. It is open to this observation surely: that at the time the railways were made to Margate and Ramsgate, and all those places, the railway companies knew that they were liable to the competition of these steamers, and that the steamers did not pay any tax?—Of course the case is not quite so strong there, but the general principle remains the same as regards the inequality under which we carry on the competition. Is it in the interests of the public to have competitive means of conveyance? The figures answer that question in the affirmative, because the steamers carried many more passengers than they did before there was a railway, and we carry a great many more than the steamers. *Ergo*, the competition has increased the convenience. Are we to be weighted against our competitors? Is that just? We on the London, Chatham, and Dover have this curious case: a train must leave Victoria to get to Herne Hill, a common point on the south, and a limb of the same train must leave Holborn or Moorgate-street to get to the same point. Those two portions of a train are joined together at Herne Hill, and then they proceed on their journey. Now, these lines are Metropolitan lines, with a great number of stations upon them, and served by a totally different service of trains from the main line trains. But the Inland Revenue Department say this: "If your train from Herne Hill to Chatham, or to Maidstone, or to Ramsgate, conforms in every particular with the law; if you run third-class carriages, if you stop at every station, if you charge under 1 *d.* a mile, nevertheless, because you do not stop at every intermediate station between Ludgate Hill and Herne Hill on the one hand, and Victoria and Herne Hill on the other, you lose the benefit of your duty over the whole line."

781. That is the North London case, is it not?—It is the North London case, only it is a much worse case, because we have beyond Herne Hill practically 100 miles; 75 miles to Ramsgate, and somewhat less to Dover and our branches, and we lose the benefit of the exemption because we do not subject people going down by the main line to the inconvenience of stopping at all the intermediate stations, those stations being served by an entirely different service of trains.

Mr. *Samuda.*

782. You would use that as an argument, would you not, more for a commutation of the duty than for the total abolition of it?—I should use that as an argument for enlarging the discretion of the Board of Trade.

Mr. *Samuda*—continued.

783. I understand your argument to be that, if you had your tax collected on a more favourable or different basis, even though there was no difference of amount in the whole, you could give the public greater accommodation?—We could give them much greater accommodation.

784. And I think I gathered that this would be the benefit that the public would derive, because it would be impossible to fix your fares with reference to the duty?—In a good many cases it would be impossible, but in many cases it would be quite possible. When this matter is once thoroughly settled, if the duty is to be continued, we shall apply our ingenuity to see how the public are to pay it.

785. Do you not apply your ingenuity now to see how you can get the greatest sum of money out of the public?—We do not, indeed. We have not attempted to meet this enormous increase of duty under the new law, though some companies have.

786. Probably they have not been as wise as you have?—I do not know.

Sir *Harcourt Johnstone.*

787. You have been limited by competition, of course?—At some points we have, but there are many places where we could exact the duty.

Mr. *Bruce.*

788. That difficulty which you mentioned just now about the through trains did not arise, I think, under the interpretation of the law that was acted upon for so many years previously to the late decision?—No, I cannot illustrate that better than by this very case of the Ramsgate and Margate traffic, and you will see how very hard it is upon us there. We were taxed last year upon 43,493 *l.* of traffic from London to the Kent Coast, chiefly to Ramsgate and Margate, and we paid 2,251 *l.*, the steamers having carried 82,000 people free of tax. That is number one. Number two is this: Under the old interpretation the Board of Trade recognised that it was in the interest of the public, in accordance with that report, to allow those trains to run all the way from Herne Hill to Faversham, and all the way from Faversham to Ramsgate and Margate, without stopping at any intermediate place, and for years we were entirely exempt upon that traffic. The new interpretation involves the necessity of paying, unless you stop the train at every station.

789. I suppose your interpretation of the Act previously to this decision, was that the Act itself compelled you to carry passengers at 1 *d.* a mile, and to run one train stopping at every station; but that very train that you ran at the same rate of fare which was not a stopping train, was an additional advantage to the third-class passenger, and was therefore entitled to the remission as well as much as the original Parliamentary train; was not that the interpretation upon which the companies acted in that matter?—That was the interpretation which was acted upon for 23 or 25 years without any question, and I contend that it was the intention of Parliament.

Chairman.

790. Referring to the resolution with which you started?—Yes.

791. It

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Sir *Harcourt Johnstone.*

791. It was not unreasonable, I presume, to suppose that even the third-class passengers might be very much benefited by having time in hand not spent upon stopping at all the stations?—I cannot conceive anything more likely to defeat the real intention of Parliament than to impose upon those people the necessity of stopping. We have got a village which has been started by effort, partly philanthropic and partly business, at Sydenham for workmen. We take those men down by some trains which run, only stopping once, between London and Sydenham when they are going home at night. It is very hard to impose upon us the obligation to pay the duty or to stop those men at every station. That is not what Parliament meant when they said that the Board of Trade were to have a discretionary power of dispensing and of allowing alternate arrangements which should appear to be better calculated to promote the public convenience on any particular railway. It is this technical narrowing of the spirit of the Act of Parliament which has led to this mischief, always apart from the general principle of the iniquity of the tax.

Mr. *Bruce.*

792. The Board of Trade always met you with liberality and fairness in that matter, did they not?—The Board of Trade attached very great importance to this minimum requirement. The arguments used here by Mr. Melvill, and adduced by Lord Cairns in his judgment, pointed to this, that the Board of Trade, if they had a discretionary power of abolishing the stoppage, would be defeating the intention of the Act of Parliament; but they have no power at all of abolishing the stoppage in respect to the minimum of one train. How that could have escaped Lord Cairns I cannot conceive. The obligation upon the Board of Trade was to insist upon one train; and therefore to assume that by extending the facilities to other trains could be defeating the object of the Act of Parliament, seems to be a little absurd.

Mr. *Samuda.*

793. That was the view, I think, of Lord Chelmsford?—It was.

Mr. *Bruce.*

794. I think there were very great differences of opinion between the noble Lords in their judgments, and the reasons that they gave for their judgments?—Upon this essential principle of the stoppage of the trains the Judges gave one reason why it should be against the companies, and a very odd reason, which was this: that the exemption to stop could only be interpreted to mean an exemption to stop a train at stations which were in the nature of private stations, erections upon gentlemen's property. I took the trouble to try to ascertain whether at the time this Report was written there were any such things, and I could not find that there were more than two in all England. It is hardly to be supposed that the knowledge was present to the minds of this Committee that there were any such stations. That was the reason given by the Judges. Then, when they went up to appeal, Lord Cairns held that, if the Board of Trade had the power to dispense with the stopping, it would defeat the intention of Parliament; but he seems to have forgotten that the intention of Parliament is that a minimum of one train shall comply with certain conditions. Mr. Farrer, or rather the Board of Trade, in their own case, stated that they looked upon the other trains as additional accommodation rendered by the railway companies in their own interests, and in the interests of the public; and having insisted, as they did insist in every case, that there should be at least one train conforming to the condition of stopping at every station, they gave the exemption in the case of other trains which were in the nature of additional trains. That is the whole thing. That is how the thing arose, and that is how it went on for years; and it is only by this straining of a strictly technical legal interpretation of some words imported into the thing that it arises now.

Mr. *Bruce*—continued.

Mr. *Samuda.*

795. They do rely upon the words in the Act?—Yes.

Mr. *Bruce.*

796. Is it not the case that in a good many of the English railways (you know them all very well) a perfectly literal compliance with the Act would be a practical impossibility?—I have no hesitation in saying that upon the Metropolitan District Railway it would be perfectly impossible to comply literally with it.

797. Take such a case as this: on the London and North Western Railway, for instance, if they were to start a train from Euston to run through to Carlisle, stopping at every station, and that was the only train for the cheap fares, it would be practically useless, would it not, because they would take about two days to get there?—First of all, you would never get there. The traffic under this encouragement has grown enormously. The railway companies believed that they were serving both their own interests and the interests of the public by the interpretation put upon this resolution, and the Board of Trade concurred in it for a number of years. I believe Mr. Gladstone said that, at the time this Act was passed it was never contemplated that when a Liverpool sailor came into the Thames and was discharged from his ship he was to go posting off down to Liverpool by a cheap train to get another ship; but that is the state of things which has arisen. The very thing which political economists are always crying out for, namely, the means of moving the working classes from points where they are not wanted to points where they are wanted, has been carried out by means of these exemptions; and now you are going to stop them. We are only bound to carry in a train as many people as there is reasonable convenience for; having created a necessity by concessions of this sort for three trains, we have got people enough to carry for three trains. Are we, under a more strict interpretation of the law, and loooking after our own interests to say, "Very well, we will run one train." What is to become of those people? And so it is on the London and North Western Railway, and so it is everywhere. It would be impracticable as a mechanical thing, and it would be intolerable on these people as a matter of convenience.

798. The

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Sir *Harcourt Johnstone.*

798. The public have shown how little the technicality serves them by using those trains which stop perhaps three or four times in 100 miles, have they not?—Yes.

Mr. *Bruce.*

799. I presume that the discretion given to the Board of Trade, in your opinion, was to enable them to deal with these changing circumstances?—Yes, there is no doubt about it. There is no doubt whatever that the Board of Trade were intended to have a discretion to consider the effect of these things in the interest of the public.

Mr. *Arthur Peel.*

800. With reference to the assertion which you very positively made, and which you very forcibly illustrated, that it was a mere chimera to suppose that there was such a thing as railway monopoly, I asked you whether there were not towns which had only one line running to them, and whether you had ever heard of complaints being made, and I understood you to say that you never heard of such a thing?—No, I think what I really said was that, of course, there would be complaints.

801. But I understood you to say that there were very few towns which had only one line running to them?—I think very few important towns.

802. Do you agree with this view, that the railway companies in this country are becoming fewer and fewer from the process of absorption and amalgamation?—I do.

803. And that the possible result before a great many years are over, may be that we may come to very few companies?—I think that that will arise.

804. And that ultimately it is possible that there might be one vast company?—When the State takes them, perhaps.

805. I mean before the State takes them?—I do not think you will have one company.

806. Do you agree with Captain Tyler when he says that the time will come when there will be very few companies left in the country; and that the fewer the companies, the more equal they are, and the less prospect any one company has of getting any further advantage over the others, the more readily will they all combine and become one large monopoly? The whole of your argument has been that there is no such thing as a railway monopoly, and that the tax has never been imposed with that idea?—Yes.

807. Do you agree with Captain Tyler that whatever may have been the state of things in the past, we are now going through a state of things, and coming to a state of things when that monopoly may exist?—No; I do not agree with that as a consequence; I believe that great interests both of the public and of the railway shareholders may be served by a combination of machinery for effecting the service of the country more efficiently under one company than under several companies; but I do not believe that the result pointed out by Captain Tyler is to be dreaded, that is to say, that you are to have an irresponsible corporation dealing exactly as they like with the interests of the country.

808. You may not have an irresponsible corporation, but do you agree with him that we are limiting the numbers of those who have the right of carrying traffic?—Yes, I think you are.

Mr. *Arthur Peel*—continued.

809. And therefore in that sense it is a monopoly?—I think so.

810. That would apply to the metropolis, *à fortiori*, would it not?—I think that railways will probably be, so to speak, amalgamated in certain districts.

811. Would you agree with the view that what applies to the country generally would apply with greater force to the metropolis; and that if you are in possession of a district of London you practically oust anybody else from the railway?—From the railway we might; but as regards the conduct of the traffic in the metropolis, I look upon anything like a railway monopoly as quite impossible.

812. Because you think the omnibus and river traffic will always keep them straight?—They must always be in competition; they live now, and railways cannot live, and the necessity is ever growing; the railways are on fixed lines of road, whereas the omnibuses can vary their lines of road with the necessities of the population. And upon the subject of monopoly, I think it would not be unsuitable to refer for a moment to the Third Report of the Committee, who recommended these exemptions; they had a word or two to say about monopoly; they say: "It would, however, according to the judgment of the Committee, be a narrow and unwise estimate of the public interests in this matter which should regard them exclusively as opposed to or even as distinct from those of the railway companies; it is manifestly of great national importance to give countenance and aid to the investment of capital in domestic improvements; and the very complaint of monopoly which is urged against railway companies is an indication and a measure of the increased accommodation to the traffic of the country which they have afforded, inasmuch as it has not been so much by force of statutory enactments granting to them special privileges, as by superior cheapness, security, and rapidity of travelling, that their command of the intercourse of their districts has been acquired; and the Committee doubt whether the establishment of railways in this country does not afford a more remarkable instance than can be cited from any analogous subject-matter of immense and certain and almost uniform benefit to the public, combined with a very moderate standard of average remuneration to the projectors." That is the opinion of that Committee in 1844 with regard to monopoly, and the reasons have not been materially altered since.

813. You asked yourself two questions; you said, what was the tax for? which you have answered very fully to the effect that it was not in consequence of the monopoly; and the second question which you asked I do not think you answered, or not in so many words, and that is, what was the exemption for? What is your view of what the exemption was for?—The exemption was first of all in exchange for a positive obligation laid upon the railway companies, that is to say, to run one train for the working people ("the poorer class," I think the expression is) from end to end of their railway in each day; and the exemption was further to encourage the railway companies; in fact, to afford a kind of premium upon their extension of accommodation to that particular class of the public.

814. But you regard a premium upon any kind of

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Mr. *Arthur Peel*—continued.

of traffic as a bad thing in principle, do you not?—In some sense I agree with Mr. Gladstone that an exemption is a bad thing; but an unjust tax is a still worse thing.

815. How do you think that the Board of Trade ought to have exercised its discretionary power; for instance. in your case how far would you have the Board of Trade exercise its discretionary power in regard to your railway; would you have been entirely exempted from any kind of duty?—Not at all. The exemption only goes to all traffic carried at or under a penny a mile.

816. But the burden of your argument has been that your first, second, and third class trains stop at every station, and are so cheap that they really give the public the facilities which the Cheap Trains Act would have given?—Yes.

817. And therefore that the proper exercise of the power by the Board of Trade would have been for them to have said: "The Metropolitan District Company give such facilities to the public that we will exempt them from the tax altogether"?—That would have been so.

818. And the result would have been that the exemption would have entirely done away with the tax?—The Board of Trade, taking that view, would have said, "No, we are not going to give any exemptions." I think Mr. Melvill's view was that the self-interest of the railway companies has induced them to do what Parliament sought to induce them to do, and that that being so there is no further necessity to give them the inducement, that is to say to give them exemption.

819. But if the Board of Trade had been satisfied that you gave equivalent facilities to the public and to the working class, the result would have been that you would have paid no tax at all?—Yes, that would have been the result.

820. Do you think that it is a proper exercise of the discretionary power of the department to entirely release a powerful railway company from a tax?—Yes, certainly, if the discretion is within the power granted by Parliament. The Board of Trade are very good judges of whether a company in doing something to entitle them to exemption do what Parliament intended them to do, and, therefore, if the inducement was that we should carry the populace at a penny a mile with those conveniences, and if we do it as a matter of general business every day, the Board of Trade would have been perfectly justified in saying: "Well, you are only bound to do it by one train, but you do it by all, and we exempt you."

821. But I understood that the exemption was, in the first instance, only for one train each way?—As a minimum, and one train each way on conditions, and then the inducement and the discretionary power went a good deal further, because the common sense reading of the resolution is this: You people shall do a particular thing once a day, and we will give you an inducement for doing it more than once a day, and doing it in a manner which is more favourable to the public convenience than the terms imposed upon you in respect of the obligation of one train a day. That is what the Board of Trade did. You cannot have a better case than my Ramsgate and Margate case. The Board of Trade said reasonably and naturally, Why do you want to keep these 500 people in a train stopping at

Mr. *Arthur Peel*—continued.

every station between Herne Hill and 80 miles out of London, in order to comply with the technical language of an Act of Parliament? Their convenience and interest is a legitimate thing for the Board of Trade to recognise, and they exercise their discretion and exempt you from duty; but there was one thing about which they have no discretion, and that was the penny; that was the factor. They said, If you do a certain thing at a penny, and if you do it under specific conditions as regards one train, we will modify those conditions in the public interest as respects other trains, additional trains, and you shall have the premium for doing it by those trains, if you do it for the penny.

822. Is it a fact that your strong view in favour of the extension of the exemptions is based upon your strong antipathy to the tax altogether?—I think that the tax is most unjust under the altered circumstances.

823. But allowing the tax to be just in the first instance, do you or do you not think that the exemption is a bad thing in itself?—I think that the exemption is good in itself; I quite agree with Mr. Melvill that the existence of the exemption has induced the railway companies to do things which they would not otherwise have done.

824. Do you think that it is necessary now to keep up that exemption for the purpose of preserving facilities for the working classes?—If I could conceive anything so improbable as that so unjust a tax could be continued for a length of time, on the ground of Mr. Melvill's reasoning, that there being a tax there may be an exemption, the exemption being used under authority as an inducement to alter the conditions of the service from time to time as circumstances may require, and as the public department may allow, I should say that it might be kept up.

825. Do you think that there is not a sufficient security in the present state of things for railway companies giving facilities to the working classes, and that it needs some legislative restriction upon them to give those facilities?—I think that railway companies will show a disposition in the future, as they have done in the past, to meet the requirements of the time; but if you ask me whether I think that they will extend, for instance, the working-class accommodation, I say no, I do not think they will unless they get some equivalent.

826. For instance, with regard to that philanthropic town which you stated had been erected at Sydenham, you do not think that you would give facilities to the working class to go to and fro between Sydenham and London, unless you were compelled to do so?—I am not compelled to do it at all; if Parliament compelled me I must do it.

827. But without Parliament compelling you, your interest would not induce you to take those people?—It would not induce me to take those people, under the existing terms; I should at once add the tax or diminish the accommodation.

828. When you said that one of the effects of the existing system was that it discouraged return and season tickets, I suppose that discouragement acts not against the working classes, but against the better-to-do classes?—It acts against the convenience of all classes; the annoyance of booking twice a day is very great.

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Mr. *Arthur Peel*—continued.

829. Do the working classes take season tickets?—No, they have daily tickets. It is one of our practical difficulties on our Metropolitan railways. I am sure any honourable Member who has been at any of the District stations at a crowded period of the day must have seen the great inconvenience arising from the necessity of booking each time. The remedy for that inconvenience is the giving of a periodical ticket; but it seems very hard to couple that concession of a convenience with an obligation to pay a tax upon it.

830. That discouragement would apply rather to the general public than to the working classes specifically, would it not?—The fact is, that the general public is made up very largely of the working classes; for instance, upon the London, Chatham, and Dover Railway nearly 80 per cent. of the whole traffic is third class.

831. You say that you will get the duty in some way or another out of the public?—I think that we shall be driven to do it.

832. Do you not think that if the remission of the duty came to pass you would get that out of the public?—Not wholly in money. We should certainly make concessions to the public; for instance, it would at once go off the season tickets. It has been avowedly put on by some of the companies. They have said, "Very well, all right; we do not want to do this thing, but if you insist upon our paying the duty we will charge it to the public." Of course if the duty is remitted there will be no duty taken.

833. You think that if the duty were remitted you would give equivalent facilities to the public?—I think so; I think that all this necessity for building your organisation of traffic arrangement on the remission would cease. For instance, why should I keep my poor Penge mechanics hanging about the railway, stopping at every station, when I can run them down, to their very great convenience, and to my very great convenience, in an hour? But the convenience to me is not so great that I can afford to pay 5 per cent. upon it.

834. Is not the number of the working classes sufficient to remunerate you?—The numbers are very large, but the difference of 5 per cent. upon the net profits derived from that is a very considerable sum. I doubt whether the duty is not the whole of the profit upon that particular class of people. I would say broadly, in answer to the honourable Member, that I believe the amount of the duty is totally insignificant in comparison with the inconvenience which it inflicts upon the public themselves, leaving the railway companies entirely out of the question.

Mr. *M'Lagan.*

835. You have told us of the great inconvenience which arises from the present law, and particularly with regard to season tickets and return tickets. Supposing that the duty were abolished and that you got the exemption, would not that inconvenience still continue?—I think that if the exemption were granted upon return tickets there would be an inducement largely to increase them; and, with the increase of return tickets, the particular evil which I have pointed out would sensibly diminish.

836. But you would still require to keep separate accounts, to let the Board of Trade see that you were carrying out the instructions issued by them, would you not?—Yes, that is one of the great inconveniences of the duty; the elaborate accounts and analysis of the traffic which we have to prepare become a business. I made use of the expression a little earlier (you will be kind enough to take it with the usual qualification), that the present law was rather an inducement to evasion; if, for instance, one particular company has an accountant with an elastic conscience, then I defy the Board of Trade or the Board of Inland Revenue to get to the bottom of whether he is accounting correctly or not, without such a machinery as would absorb all the duty.

Mr. *M'Lagan*—continued.

837. Can you put any sort of money value on the inconvenience to the railway companies of keeping their accounts, on account of the passenger duty?—It does add considerably to their work; but, inasmuch as they must keep voluminous accounts, and have a very heavy staff, the per-centage of increase upon that cost is not very great. There is a great deal of labour, but the cost is not very great. But if the Inland Revenue are to check those accounts, which is the only substantial method, they must go over the same ground travelled over by the railway for lots of other purposes; they would have to keep an establishment for the analysis of the accounts almost as great as the establishment for making the accounts in the first instance.

838. Do the Inland Revenue ever check the accounts?—Yes, they check them in a sort of way; they have a very competent gentleman, Mr. Rickman, who has obtained great knowledge of railway accounts, and from time to time he comes, and with great care wades through the figures of a particular period. That is the sort of duty which is done at intervals extending to a day's accounts, or a week's accounts, or a month's accounts; but the Inland Revenue must, as a matter of practical necessity, depend upon the declaration of the railway companies themselves.

839. They must take for granted whatever the railway companies say?—They must.

840. However inaccurate and dishonest their accounts may be?—Yes, assuming that a railway company could be guilty of inaccuracy and dishonesty.

841. I think that you told us that it led to evasion?—Well, we are but mortal men.

842. With regard to the question of monopoly, is it not the fact that when any railway starts in a district, carriages and carriers are knocked off the road, and almost the whole of the traffic is carried by the railway company?—I think that may be taken to be true of the more inlying districts.

843. And the railway companies have the power of making rates, and also of saying what particular goods they shall carry; is not that a monopoly of itself?—In the presence of the tribunal which has been erected by Parliament to look after the railway companies, and who are rapidly becoming, I am glad to find, railway managers, and beginning to have some sense of the difficulty of the whole question, I do not think that there is any serious danger of that; railway carriers are so far different from other carriers, that they are subject to the law. If you get a packet of goods or a parcel from a railway company, that company is subject to a regulation

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Mr. *M'Lagan*—continued.

regulation of the charge, whereas a carrier can charge you exactly what he likes; therefore, with their maximum, a railway company is powerless, and you have got a tribunal which administers justice now both fairly and promptly.

844. But is not the very appointment of that tribunal of itself an evidence that railway companies are a monopoly?—I do not think that it is. I think that it shows that a very powerful corporation, with a certain privilege in the country, may want looking after; and I will undertake to say, having followed pretty minutely the cases brought before the Railway Commissioners, that more of them have been acts of omission or oversight than acts of perpetration of wrong.

845. But you think that it is absolutely necessary that there should be an appointment of such a Board to control the action of railway companies?—Yes, within reasonable limits; I think so.

846. Seeing that they are monopolists?—Are they monopolists? This Report does not say so. I am bound to admit that a railway is so superior to every other means of conveyance in internal districts; it is so much cheaper, the celerity is so much greater, and the whole business is so much better done, that in that sense they become monopolists; but if you take the length and breadth of the land you will find an enormous business going on now by means of carriers. On our railway, for instance, the London, Chatham, and Dover Railway, I hardly know any towns of any importance that are not locally served by local carriers. We have carriers from London to Beckenham, and although I am the Chairman of the London, Chatham, and Dover Company, and may be supposed to have a lively interest in promoting the well-being of that concern, it is a very odd thing that whenever I have any goods to send from London to my house, I always send them by carrier. So at Maidstone, Canterbury, Chatham, Faversham, and so on; there is an enormous organisation of carriers all over the country even now, and the railways cannot touch them.

847. Have they not arisen of late?—No, they have never been disturbed. The railway companies, with all their power, have never been able to disturb Pickford & Company, and Chaplin & Horne. All the great carriers throughout England are more powerful than they ever were.

Mr. *Samuda.*

848. They do their business better than you do, I suppose?—I cannot admit that, except in very general terms. It is more a specialty with them; they will do more for the public. Upon the question of monopoly in that Amalgamation Committee (if you think it worth while to read it, it is very interesting), you will find there that a competent witness stated that 53 per cent. of the great centres in England were open to competition by sea at very low rates; I think that that monopoly theory has been somewhat strained.

Mr. *M'Lagan.*

849. Is it not the fact that a great part of the means of sea carriage belongs also to the railway companies?—Oh dear no, a very small part.

850. But it is being increased every day, is it not?—No, I think not, substantially; I know something about that, because, oddly enough, I once managed a railway in Holland. I was at Rotterdam four or five years, and I do not know any country in which the steam carriage has increased so rapidly. The railway companies on both sides of the water tried to effect a combination not antagonistic at all to the steamboat people, but simply that we might have the means of doing our own business in our own way and in the best fashion; but we never could make any impression upon it. The steamboat companies have become very powerful, and the traffic by steamboats in the hands of the railway companies is quite insignificant. If you take the French traffic, I should think 10 per cent. of the traffic between France and London comes by the South Eastern and the London, Chatham, and Dover Railways. Why? Because from Boulogne daily you have the General Steamboat Company; and you have from Dunkirk two or three companies, and at rates which the railway companies cannot touch.

Mr. *Samuda.*

851. And, in addition, they do not have to change the goods?—They save one trans-shipment. But the great thing is that they carry at rates which the railway companies cannot touch. We get the things which require speed, such as fruit and vegetables, and we get also fine French goods, which bear heavy rates of carriage, and where speed is an object. Then there is the London and North Western Company from Holyhead, and those places; they carry a very small part of the trade. Railway companies have very little to do with steamboat carriage.

Mr. *Macdonald.*

852. Supposing that you abolished the passenger duty, and that you still wished to keep on the exemption, is there anything that you would suggest to the Committee as an equivalent?—No, I am obliged to stick to my principle; I say that the duty was put upon us in order to establish an equality between us and somebody else enjoying the traffic of the country with us. That was a good reason. The moment that you relieve the others from it, you cannot support the duty by any reason except the reason of the strong, and therefore I have no equivalent to offer for the remission.

853. But you would like the duty abolished, and the exemption kept up?—If the duty is abolished, there is no need of exemption. No doubt you will consider it a partial view, but the real remedy for a crying grievance is the repeal of the duty. If you repeal it, of course no exemption need be talked of.

854. I think there was a general opinion on the part of the railway companies of all kinds up to a certain period, that the state of things which existed in regard to the payment of duty was that they were not liable to the duty in the eye of the law?—In the eye of the public department which had to administer the Act of Parliament.

855. You have read Mr. Melvill's evidence very carefully; when does Mr. Melvill say that he felt convinced that the opinion was wrong?—I think he said he came to the Inland Revenue Department in 1866, and he then began to think that it was wrong.

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Mr. *Macdonald*—continued.

856. Did he not say that he felt certain that it was wrong?—Yes, he is the legal representative; but Mr. Melvill was not the gentleman to settle the law. When once the question of law had been raised, it had to go through the usual formalities to get to the highest tribunal. But there is no question as to what the opinion of the Board of Trade was about it, because in this evidence their case is given, and you will see exactly what took place. The Board of Trade believed that they were carrying out the intention of Parliament in a legal fashion.

857. But the Board of Trade was wrong?—The Board of Trade after living for 25 years in the belief that they were carrying out the intention of Parliament, had been proved, upon reference to the Judges (who have been over-ridden) in some particulars by the House of Lords), to have been technically wrong.

858. To have been legally wrong?—Yes, of course; but legally technically.

859. Or in other words, that the reading of the Board of Trade, and the Inland Revenue, for those 25 years was really wrong?—Really wrong upon the strict legal technical interpretation of the words.

860. Not of the words, but of the Act of Parliament?—No, of the words; because the Judges who decided differ as to the grounds upon which the Board of Trade were wrong. One says, that it means something; and the other says, that it means something else; but in any case, the poor railway company has to pay. The Board of Trade act in entirely good faith. Everybody admits that that was a most difficult Act to construe, and it was made more difficult by the act of the Parliamentary draftsman. The resolution of Parliament is clear enough, and the words upon which the whole thing went off are in a parenthesis.

861. The Parliamentary draftsman did not make the Act of Parliament; you know sufficient of Parliament to know that a Parliamentary draftsman does not make an Act of Parliament?—Parliament desires to have certain things done, and a technical man puts them into language, and that language bears one interpretation to-day, and some other interpretation ten years hence.

862. But does not the Parliamentary draftsman submit his views, and Parliament put it into its own language?—Yes, no doubt; and one speaks with the greatest respect of Parliament; but if any one told me that the gentleman who wrote on Bills in Parliament discussed the technicality of language in the same sense that a court of law does, I should say that he was under a misapprehension.

863. I think you have only to come down to the House of Commons, and sit for an evening, and you will find that they do discuss them?—I know that they discuss them.

864. Coming back to that point again, I think you said that the Board of Trade and the Inland Revenue dealt with this in something like a common sense view of interpreting the Act of Parliament?—I believe that they acted with the strongest common sense.

865. Then, as a matter of course, the inference which we draw from that is, that the decision of the House of Lords was not a common sense view?—I do not think that it was.

866. That is to say, in the view of the railway companies?—No, I wish to separate myself from the railway company; I am dealing now with a matter of abstract justice, and I want to place myself in the position of a man who has a practical thing to deal with; I believe that the Board of Trade dealt with the thing as Parliament intended that they should deal with it, and I believe that it, like many legal decisions, has gone off on words and not on substance. Captain Galton drew attention to the fact that there were doubtful exemptions granted in 1855 and again in 1857, and nothing was done about it until 1863. One of the honourable Members put this question: "Captain Galton having drawn attention to the fact that the Board of Trade were authorising some 19,000 excursion trains, did they take any action in consequence? (*A.*) Not the slightest, they thought they were doing quite right." I think they were too, upon a reasonable reading of the Act.

867. I have no doubt of that in the least; but still, on reference to the House of Lords, it was found that they were not doing right according to the strict interpretation of the Act of Parliament, was it not?—It was upon the strict legal interpretation of the words of the Act of Parliament that the House of Lords pronounced that decision; it was not unanimous, but still it was a decision.

868. You say that you have ground of complaint of the competition which exists between you and the omnibuses and the river; did not the omnibuses and the river exist prior to you?—Yes.

869. Is not the ground of complaint then rather upon their side than upon yours?—I do not think so, unless the theory is to be started that the omnibuses are monopolies. A monopoly is the exclusive and sole right of selling anything. They had no exclusive right, and therefore they had nothing to complain of; and we should have nothing to complain of, but for the reason that having found competitors in a business under one condition of things, equally weighted, so to speak, by taxation, the taxation in their case has been repealed, and in our case it has been left on.

870. Was there any taxation on the river boats?—There was not.

871. Then about that form of locomotion, at least, you could have no complaint, because it existed prior to your coming into existence?—It did.

872. And therefore the assumption of a complaint upon that ground is entirely without foundation, is it not?—It does not in the least alter the abstract injustice of the thing. I think it would have been a very fair ground of complaint to the omnibuses before we came into existence at all, that they, being taxed, were carrying on competition against some competitor who was not taxed. The fact of there having been in existence an untaxed machinery does not in the least alter the abstract injustice of our case. We say that that is a strong reason for removing the tax from us, or for not imposing one in the first instance.

873. You have urged upon this Committee that the river is one source of competition, and when you asked for railway powers you knew that the river traffic had no duty imposed upon it, did you not?—No doubt.

874. Then

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Mr. *Macdonald*—continued.

874. Then the complaint on this head is utterly groundless, is it not?—No, I do not think that it is groundless; I think it is a very good cause of complaint.

875. As regards the tax itself, you endeavoured to dispute that your railway is a monopoly. Is not a railway when once granted a quasi monopoly against any other railway being planted in the same district?—I do not think so; the London, Chatham, and Dover has been planted in a district served by the South Eastern; of course there being a railway under Victoria-street, Westminster, you cannot in the present state of engineering skill get another railway either over it or under it; but there is no reason why you should not have another parallel line. Why should not Parliament grant another railway under Piccadilly, and down to Kensington?

876. But is it not the fact that by your position, having gained a right to a railway in a certain district, you have thereby got a standing to resist, as far as you can at least, the making or the permission to make another railway?—No; Parliament have studiously declined to accept the view that the concession for a railway precludes their granting another railway side by side with it; *ergo*, it cannot be a monopoly, because a monopoly is a sole and exclusive right to do a thing; and Parliament is continually granting new railways to compete with old ones. If you will read all these Reports you will find that they have most carefully objected to convey to any railway the least idea of a privilege to a monopoly of traffic in any district.

877. In regard to the statement which you made that you thought that you ought to have a dividend, where do you think that you ought to have your dividend from?—Out of the pockets of the public, whom we serve so efficiently, and so well.

878. You entered upon your speculation like any other person who enters upon a speculation, did you not?—We did.

879. Does every individual who serves the public possess the right to get dividends or profit from the public?—I think he does, if he gives them value received.

880. If the public thinks otherwise, has he any claim?—I think that he has a great grievance if Parliament or the Government steps in and takes from him part of his just due by means of an unjust and unequal tax. I take my chance about my relations to the public, and I do not complain about that; but my complaint is that Parliament loads me with an unfair tax, and that I am obliged, in order to serve the public, to serve the public with that load upon my back against somebody who has not got that load upon his back; I am handicapped.

881. But you were aware of that tax when you entered upon your undertaking?—I was aware that Parliament established it in order to establish equality between conflicting interests; and I have a right to consider that Parliament will be both reasonable and just, and that when the reason for the tax is gone they will remove it from my shoulders as well as from other people's. That is a plain and intelligible statement of my case, and short of that I do not stop.

882. But prior to your making your railway the condition was perfectly well known, was it not, that there was a passenger duty?—Yes, and it was perfectly well known that omnibuses were taxed; and while omnibuses were taxed I should have had no case to come and enunciate these convictions of mine. It is the very fact that when I entered into competition with other means of conveyance for the traffic of London, I found my competitors taxed; and I was taxed because they were taxed. Sir Robert Peel is my authority for that. If I was taxed because they were taxed, when they ceased to be taxed where is the reason for taxing me? You cannot get away from those words of Sir Robert Peel's.

883. There is no such statement as that in the Statute, I think?—There is the statement of the Chancellor of the Exchequer who introduced the Statute; and although legal gentlemen in courts tell you that you have only to deal with the particular words of the Statute, there are sometimes people who look behind the particular words to find the sense; and there it is the reason of the tax. It cannot be in clearer language.

884. You stated, I think, in answer to a question, that the public, if the tax was removed, would have a very substantial gain thereby; in what respect do you think that the public would have a substantial gain if the tax were removed; would it be by a lessening of the railway fares?—Yes, I think so in many cases, certainly; because the effect of the new interpretation of the law has been to add the tax to fares which have existed for many years; and that would of course come to an end. We have put it on the season tickets on the District Railway; that would go off, of course. That is one form in which the public, not to the full extent perhaps of the amount of the tax, but to a certain extent, would get relief in money. Then I have tried to make it clear that in a variety of other ways they would get, not meal but malt, in the shape of accommodation and facilities. You must not take me merely as being an advocate; that is my firm conviction as a railway manager, and knowing as much about this particular kind of traffic as any man living.

885. If this duty was entirely removed would you be prepared to say that concessions would be made to the public equal in value to the duty itself?—There you bring me to what I must protest against as strongly as language will enable me. I am now the subject of an unjust tax, and you have no right to ask me for an equivalent as a condition of removing from me that unjust tax. Therefore I am not prepared to talk about equivalents; I wish that there should be no mistake as to my ground; it is very easy to talk about an equivalent, but upon what ground can you talk about an equivalent to me if my contention is the right one? I claim to have this tax removed on the ground of its injustice. If I am right in that contention you must not ask me to give you something for taking the injustice off me.

886. Of course, that is your opinion?—That is my opinion, and it is the opinion of a good many people behind me. I am only giving voice to the feelings of a great many people who, amongst the other members of the public, deserve consideration and justice at the hands of Parliament.

887. Do you make up your accounts for the railway passenger duty monthly?—Yes.

888. Are the payments made monthly?—They are made in the course of the following month, month over month; the January duty would be ascertained during February, and paid in March.

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Mr. *J. S. Forbes.*

2 May 1876.

Mr. *Macdonald*—continued.

889. They are not deferred over many months?—They are uncommonly prompt in exacting the money; they are very stringent, and we are very punctual. I think that we are pretty well looked after with respect to the payment when it is ascertained what we have to pay.

890. Mr. Melvill stated that a very large sum of money had been remitted; can you give the Committee any idea of the approximate sum that the railway with which you are connected has had remitted to them?—No, I could not; it would involve going over a great number of figures.

891. Will you try to put that in?—I do not conceive that there is any means of doing it, except by a sort of aggregation of figures, it is mixed up with so many questions. I was looking the other day to find the most remote Board of Trade approval that I could find, and I could not go back very far; the papers get destroyed, and without the time bills it would be impossible to say where we were entitled to remission and where we were not. I expect that all those evidences are gone.

892. But I should say, looking at what Mr. Melvill stated, that you would be able to state, at least within a few thousand pounds, the amount of money remitted?—I think that we might say that under this state of things it is 4 per cent., and so many years it was 3 per cent., *ergo*, 1 per cent. in the back years; it would involve, to do it with correctness, enormous labour, and I do not think that we have the material either.

893. You agree with him that such money has been remitted?—I agree that all parties in the State (I am going to talk of the State now) concurred in a particular view for 25 years, as to a particular thing. Now, upon a technical view, it may be different, and they are taking the money upon their first view no doubt.

894. You have already stated that those who administered that law were wrong, and that the law courts determined that which was right?—The law courts declared that they were technically wrong, but I maintain that they were practically right; I think that you would find it very difficult to get this money back; I am not a lawyer, but I should not like to try it if I were the Crown. Four per cent. means 10,000 *l.* upon a particular traffic over a certain number of years; we paid 3 per cent. upon the less sum; *ergo*, the difference is 1 per cent.; but in a more definite shape it could not come.

895. You agree with Mr. Melvill that large sums of money have not been paid which might or ought to have been paid if the present reading of the law had been in existence?—Reversing your case, I think that a good deal of money has been paid that would not have been paid if the railway companies had had the slightest idea that the law really was what it is now said to be; because the respectful and strong representations which they are making to Parliament would have been presented with equal strength and with equal justice many years ago, and I trust with the same result; and therefore I believe that we have only paid more instead of less by the delay.

896. Were you not urging the repeal of the passenger duty before the decision in February?—We have been urging it ever since the repeal of the duty on other means of conveyance.

Mr. *Leighton.*

897. I understood you, in one of your answers to the honourable Member for Stafford, to repudiate the idea of what you call an equivalent?—Entirely.

898. That is to say, there are two lines of argument which have been put before us, namely, the advantage which it would be to the public to have the remission, and the injustice which it is to the companies to retain the duty?—Yes.

899. You put on one side, now, the advantage to the public, and proceed upon the other line, viz., the injustice to the companies?—Yes.

900. The last witness before you told us that the imposition of the duty checked the extension of London; that is a view which you would not adopt?—I think I should, in a certain sense.

901. I should like to know the grounds which would affect the public, as well as those which affect the injustice to the company, upon which you proceed. Of course, it is a much stronger case if you could tell us that the public would be assisted, and I was surprised, therefore, by your repudiating the equivalent?—If you will kindly, for a moment, consider my position, it is this: I say that I am paying a tax levied for a particular object, to put me on an equality with somebody else, and the moment that equality is disturbed by the removal of that tax from somebody else, I am suffering injustice, and you must not ask me to give an equivalent for the removal of an injustice. That is my distinct position, and I think that it is a perfectly fair and reasonable one. With respect to the operation of the tax upon the public, and the extension of London, I will refer you again, if you please, to the illustration of the mechanics at Penge and Sydenham. The development of that kind of thing about London will turn upon two or three things; it will turn upon the price as one element; it will turn upon the frequency of the trains as a second element; and it will turn, and turn a good deal, upon the time occupied, as the third element. If you will kindly follow those three points, the price, the number of facilities, and the time occupied, you will see what the position is as affecting the profit. It may make, and it will make, just the difference as to my affording those facilities in a particular area, whether you exact the 5 per cent. or not. I say that, as respects those people, the Government duty on a train represents very nearly the profit on working the train. If that be so, or if that be approximately so, just so much as you relieve me of that tax, I have an inducement to extend those arrangements.

902. You told us that 220 trains run every day on the Metropolitan line within five minutes of each other, and that they stop at every station; is it possible, on the present line, to give greater facilities?—Yes.

903. To run the trains oftener?—Yes.

904. Would you be likely to do that on the remission of the duty?—I think that we shall probably do so as the necessity extends, but I do not know that I should be inclined to extend the operation as to workmen. We now carry workmen to Hammersmith, and we are making a railway at great cost to connect Hammersmith with the South Western Railway. We have acquired power to run on to Shaftesbury-road and the district beyond Hammersmith. Whether or not I shall be inclined when that railway is open

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Mr. *Leighton*—continued.

open a year hence to run the workmen's trains on another mile, will depend very much upon whether I have to pay the duty upon that traffic or not.

905. Do you think that you would be able to lower the fares on the District Railway, supposing that the duty were taken off?— No, I do not think that there would be a very great reduction of fares, except of course on the season tickets, off which we should take the duty. The fares are very low, and they are governed by the competitive fares.

906. I think you told us before that the fares are governed by the competition and not by the duty?—They are governed by the competition; and if I might describe it more accurately, by the untaxed competition. The General Omnibus Company before the remission of the duty were unable to pay any dividend or to make any profit; they could not have gone on long upon those terms. What could they have done? They must have put up their rates, and if they had put up their rates we should have been able to put up our rates. The only condition upon which you can carry on the traffic is with regard to these circumstances.

907. Can you tell me if the General Omnibus Company have since the remission of duty reduced their fares?—I do not think they have.

908. I see that they now pay 9 per cent.?—Yes.

909. Therefore the whole of that went nto the pockets of the company?—Yes, the remission of the duty upon the basis of 1866 was equivalent to 48,000*l.*; that was about 8 per cent. upon their capital.

910. That all went into the pockets of the company?—Yes.

911. And I presume that it would have somewhat the same effect (I do not say that as an objection) in the parallel case of the railways?—I wish to be perfectly frank and fair. I think our case for the remission is very strong, and it turns upon the fact that we are having taken out of our pockets something which ought not to be taken out of our pockets, and therefore the bulk of the money would go back to us.

912. You have told us that you consider the case of the Metropolitan Companies to be exceptional?—Yes, I think that they are certainly exceptional.

913. With regard to your argument as to an untaxed competitive undertaking, take the instance of Birmingham: Between Birmingham and London and Edinburgh, is there any other passenger competition than railways?—Between London and Birmingham, I apprehend that there is not any very great competition; but between London and Edinburgh there is a very stiff competition indeed.

914. But between Birmingham and Edinburgh and Birmingham and London?—No.

915. Therefore in those places the only traffic is railway traffic?—Yes, and therefore those are cases in which they can charge the duty if they like.

916. Those are cases in which your argument as to untaxed competition would not apply, are they not?—Yes, and there they can charge the duty if they please, there being no untaxed opposition.

Mr. *Leighton*—continued.

917. With regard to the inequality which appears in this number of railways, that, I presume, would be entirely done away with, if, taking away the exemption, and taking away the present charge, an uniform charge, as was proposed, was placed upon the passenger traffic upon all railways?—Yes, I think that there would be no mistake then about how the duty was levied; it would be upon the ascertained amount, and not upon a great variety of exemptions.

918. In such cases as I mentioned with regard to Birmingham, do you see any objection to a modification of the rate upon the whole receipts?—Not as a technical matter, but I do in principle, because I think it is utterly erroneous to continue a tax upon locomotion, but of course it ceases to be objectionable to the railway companies when they can charge it to the public. That is matter for the public. As long as the public choose to pay the tax they can have it, but the particular hardship in our case is, that the public do not pay it. No doubt your suggestion of a uniform rate on ascertained figures, applying all round to everything, would be an easier and altogether a more satisfactory method.

919. And that would remove the difficulty of keeping accounts and the trouble and inconvenience which you say arises from making the trains fit in to these exemptions?—Yes, but it would operate as between different companies unjustly in this way. Mr. Melvill talked about the third-class traffic having become the great paying traffic; that is an entire mistake. The first-class traffic is the great paying traffic when you come to inquire what it costs to do it, and what the profit is; and although, looking at the great bulk of the third-class traffic receipts, a small relative profit upon it amounts to as much as the whole profit upon the much smaller aggregate receipt of the first-class traffic; there is a great deal more profit got upon first-class than there is upon third-class. If you apply a uniform rate of, say 2 per cent. all round, you are very hard indeed upon those railway companies who accommodate the bulk of the working classes, and you are very light upon those railway companies who have an enormous revenue derived from the high fares of the first-class traffic.

920. Do you think that one particular class of traffic ought to be treated exceptionally?—I think that, looking upon the duty as a diminution of the profit of the contractors, it ought to be levied with some reference to what the profit is. The 80,000*l.* is made up of two things; it is the cost of doing the service and the profit on doing it to cover your capital and interest. If one company can earn 80,000*l.* by the carriage of traffic at 40 per cent., and it costs another company 60 per cent., it is quite clear that the man to whom it costs 60 per cent. is much more heavily taxed than the man to whom it costs 40 per cent., because the tax really comes out of the net profits.

921. If it comes out of the net profits then surely it does not matter?—I quite agree with you that if it comes out of the net profits it does not matter. For instance, our receipts on the Metropolitan District Railway last year were, for first-class passengers, 48,000*l.*; for second-class passengers, 49,000*l.*; and for third-class passengers, 147,000*l.*; and if you look at the proportion of the numbers which I have given already

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Mr. *J. S. Forbes.*

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Mr. *Leighton*—continued.

you will see that we carried, I think, 18,600,000 people to earn 147,000*l.* third class, and we only carried 2,800,000 to earn 48,000*l.* first class. As a matter of fact, there is a much larger profit upon the first-class than there is upon the third; and therefore, if you tax the gross, the third-class traffic is more highly taxed than the first-class; if you tax the net receipts then they are upon equal terms.

922. I think you said at the outset, with regard to the obligation which Parliament placed upon the Company, that you had done a great deal more than they required you to do?—Yes, with respect to the workmen.

923. And of course you have done it for your own advantage?—Not wholly; I do not know whether I shall be able to impress the Committee with a belief in what I am saying; perhaps you will not believe me; but, odd as it may appear, we have done it really with some reference to the circumstances of these working people. There was an obligation imposed by Parliament in a fit of philanthropy; they did not see what they were doing when they imposed it. First of all they committed a gross breach of what one may call social economy by making a distinction of classes; and in the second place they did not see that the machinery which they suggested was calculated to carry out the object they had in view. When we put it in practice we found out what the machinery was.

924. You do not think it mistaken philanthropy?—I do think it entirely mistaken.

925. Then why do you persist in it?—Because Parliament insisted upon it. If we had 500 people presenting themselves for accommodation where we had only accommodation for 200, we found we were bound to run another train, or else have a disturbance; then, as I have already stated, those people have settled themselves in these places, and, Lord bless you! the working man is always at you; they come in deputations, and they say, "It is an obligation, and if you do not behave yourselves we will go to Parliament and get further obligations put upon you; you must do this." One is obliged, you know, to rather meet that sort of thing, apart from the justice or injustice or propriety of it, and one meets it.

Mr. *Bruce.*

926. You said that in your view you would not contemplate the notion of an equivalent for giving up a tax which you considered to be an unjust one; but I think you said, at the same time, that without any such bargain the removal of the tax would benefit the public in many ways?—Yes, I said distinctly that without being asked to give anything, the removal of the tax would be a substantial gain to the public in a variety of ways.

927. The cases in which the tax is added to the fares are the cases where the fares are at their maximum, are they not?—It was not wholly so; in many cases they were at their maximum, but in many cases the fares, by a sort of prescription, came to be the recognised fares, although less than the maximum.

928. With regard to a question put by the honourable Member for Stafford as to the amount of money which you might have had to pay to the Inland Revenue had the present interpretation of

Mr. *Bruce*—continued.

the law been acknowledged all through, is it not the case that you made your time tables under the impression that the law was such as the Board of Trade interpreted it?—Entirely; our time tables were really made to conform to the requirements of the Board of Trade.

929. And if those requirements had been such as this decision has made them, your time tables would, in all probability, have been different from what they were?—They would have been made, of course, to fit the wishes of the Board of Trade upon the matter.

930. So that a mere statement of the amount of money which might have been levied under this decision would not in any way be a fair representation of what you would have paid had you known that this was the law?—Not in any way.

931. It would be perfectly irrelevant?—Entirely. If it were attempted to found any claim for past duty upon it, it would be exceedingly unjust, and it would be impossible.

932. You have been asked frequently about the word "monopoly." I understand you to take the strict meaning of the word, which is, that a man has a right to sell and a right to exclude others from selling a particular thing?—Yes, an absolute and sole right.

933. In that sense there is no monopoly whatever in any of the railway companies?—Not a single one that I know of; quite the other way.

934. As a matter of fact, wherever competition is profitable, competition can be brought against them, and they have no right to object; is not that so?—There is a tolerably wholesome competition maintained amongst themselves, and there is a very severe competition maintained outside themselves. I illustrated the manner in which a company may be affected by a competition outside itself; that is to say, a competition with another company, by the case of the South Eastern Company, who, because of the competition at Gravesend, regulate our fares all the way down to Chatham.

935. In fact, the competition is not only direct, but indirect?—Yes, and probably its effects are felt quite as much indirectly as directly.

936. Most of the great centres of trade, I think, are accommodated by more than one railway company?—All the great centres are accommodated by more than one railway company, chiefly by two, and very often by three.

937. In addition to the sea competition?—In addition to the sea competition at many important points from which the competition, of course, is maintained; for instance, the sea rate from London to Hull, which is a very low rate, controls in some sense not only the fare from London to Hull, but the fare to many places on other railways beyond Hull.

938. Does not the sea competition control to a great extent the coal rates?—Yes, there is no doubt whatever as to the position of the competition there.

939. Is it not the fact that recently the fares, to a large number of places in the north, have been reduced on all companies' lines by the action of one of the railway companies?—The action of the Midland Company has no doubt, so to speak, caused a revolution in the fares of the other companies.

940. So

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Mr. *Bruce*—continued.

940. So that it shows that competition is active in that respect?—Exceedingly active in that particular instance.

Sir *Harcourt Johnstone.*

941. It does not always follow that monopoly is an evil, does it?—A good many people believe that a qualified monopoly is a good.

942. I think it came out, if I remember rightly, in the Report of that Committee, that where there was competition, especially in the neighbourhood of Liverpool, there was generally combination?—I remember many years ago, when I was quite young at this sort of thing, hearing a great authority enunciate the doctrine that competition always ended in combination.

943. Your misfortune is that you cannot amalgamate with the omnibuses and the steamers?—The essentials of an amalgamation are that the things should be of the same nature; railways can amalgamate, but I do not think that omnibuses and Metropolitan Railways can.

944. Can you tell me what proportion your third-class season tickets bear to the season tickets taken by other classes?—We do not issue third-class season tickets.

945. Would you not have some inducement to do so if this tax were taken off?—Yes, I think so; we issued second-class season tickets at rates which are very low; I find that we had on the District Railway last year 4,609,000 season ticket journeys, and the rate for those is about 2½*d.* a journey, that is considerably under a penny a mile, all round, first and second class.

946. There is an immense gain in having a season ticket, is there not?—The convenience and the saving of time are very great.

947. Supposing that this duty were taken off—I will not ask you whether you mean to do it, because that is not fair; but might it not be an inducement to a railway company like yourselves to give season tickets to third-class passengers, and so to economise their time?—I think it would, seeing the manner in which this thing is dealt with. We are actually restrained from granting the convenience because, although it is admitted that the season ticket is a great convenience and that the compounding of the rates brings the thing much below the fare, although a man has an opportunity of travelling half a dozen times a day if he chooses, and by any train, the Board of Inland Revenue say: "No, you cannot show that he has travelled twice a day, and therefore you cannot have any exemption." That is the greatest possible discouragement that you can labour under.

948. I understand you to say that consequently you are obliged to put the duty on to season tickets?—Of course.

949. And you suffer more under this disadvantage than other companies, who have, I believe, managed to put the duty on to their passenger fares?—Yes, in many cases, but I do not think that it is universally done, because there have been differences of opinion. I myself have argued, not before my own company, but as a matter of policy, what the line of action should be under this new decision. I have said "Well, I don't think we ought to be precipitate; we ought to let the public understand this question; don't let us be in a hurry to believe that Parliament will not remedy this injustice when it is pointed out to them." Some people have been moved by this argument, and some have not. There is another matter which shows how entirely this whole question requires to be put upon a proper and intelligible footing. Some companies have an implied right to charge the duty, and I shall maintain against all the world, until I am put right by the Courts, that if I choose to charge the duty upon the London, Chatham, and Dover I may do so. I have no specific statutory right to do it, but I should do it, and I should let the Judges put me right if I were wrong. I mean to say that, supposing that you have for the third class a maximum rate of 1*d.* per mile, I should not have the slightest hesitation in charging the duty upon the London, Chatham, and Dover Railway. Then probably some one would say: "You haven't the legal right to do it"; and then I should go and contest it. But I am in competition with the Brighton Company, who can charge it under words in their Act of Parliament.

Sir *Harcourt Johnstone*—continued.

Mr. *J. S. Forbes.*

2 May 1876.

950. And the same thing exists in other companies?—Yes; some have the right actually given, and others have the right by implication.

951. Is there not considerable difficulty and doubt as to whether it would be wise to tax minerals, either iron or coal; would it not act practically as a prohibitive duty, and as an advantage to foreign competitors?—Yes; I do not think you can put it more strongly than the honourable Member for Shropshire put it when he talked about the difficulty of applying the duty to mineral traffic, such as coal coming up the river.

952. Looking at the foreign competition, it is a thing that would not be tolerated in this country by those large trades?—No. For instance, coal comes up the river untaxed; we on the London, Chatham, and Dover line derive a not inconsiderable portion of our revenue from the carriage of coal; and upon what theory could you tax the coal upon the London, Chatham, and Dover, and not tax the coal upon the river; and how are you going to revise the taxation upon merchant ships, and so on? By-the-by, that coal rather calls to my mind something which may serve as an illustration. There is a thing known in London as the City dues, 1*s.* 1*d.*; that may be taken by way of analogy at 5 per cent. on the selling price of coal; it is rather heavier than that. That is levied upon all coal brought into London by all carriers of coal. What should you say to a legislative step which relieved everybody else of the duty, and left it imposed on the railways? That is exactly the case of the passenger duty.

953. With regard to the interpretation as between the Board of Trade and the Law Courts, your contention is, that the one was a technical and that the other was an equitable interpretation?—The Board of Trade interpretation was entirely equitable and entirely in the sense which I am convinced that Parliament intended it to be. The other was purely technical, so technical that even the learned Lords themselves could not agree about it. It turned upon parenthetical words utterly inconsistent with even the sense of the clause, and much more inconsistent with the intention.

954. Supposing

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Mr. *J. S. Forbes.*

2 May 1876.

Mr. Serjeant *Spinks.*

954. Supposing that it were necessary for Imperial purposes that a sum should be levied from railways by taxation, have you any theory as to the best mode of doing it?—No, I have no theory with regard to that. It seems to my mind so inconsistent with justice that a tax should be levied, that I have not considered that subject. I think that any general tax would apply so inequitably as amongst the different railway companies, that I cannot conceive at present any principle which would really do justice to all.

955. You have a good deal of building land on the London, Chatham, and Dover Railway, have you not?—Yes, we have, all round London.

956. Does this tax at all interfere with the development of that building land?—Seriously. Of course there has been a great deal of building, but it stops you short of encouraging that particular traffic, which is a great impetus to buildings of all kinds, particularly dwellings for the inferior class of people. You cannot get a town up very fast if it is all villas; you must keep it on with equal pace, and have small shops and small houses. The obstructions imposed upon the traffic by the existence of the tax, prevent your doing for that class of traffic what you otherwise would do.

Mr. Serjeant *Spinks*—continued.

957. Would this rule, that you must stop at every station, prevent you opening new stations upon the line?—It is a terrible thing to contemplate. The consequence of opening a station is then entirely altered from the profit and loss point of view, because you have to consider that if you do not stop the train at that station, when it is opened, you lose the benefit of the remission of duty upon all the traffic in the train passing that station. I make out that it would cost us about 1 *l.* a train to stop at a new station.

958. You have been speaking about the judgments of the Judges and the House of Lords; the judgments, I think, of the Judges and of the House of Lords differed?—On the essential point of stoppage they differed.

959. I think I am also right in saying that in the House of Lords the judgments of the four noble and learned Lords differed from each other?—Yes; Lord Chelmsford certainly held a different view, and Lord O'Hagan gave a qualified approval, and even suggested that there was some point which had not been argued which would have been fatal to the judgment itself; however, he was not good enough to tell us what it was; I should like to have known.

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Friday, 5th May 1876.

MEMBERS PRESENT:

Mr. Ashley.	Mr. Macdonald.
Mr. Bruce.	Mr. M'Lagan.
Mr. James Corry.	Mr. Arthur Peel.
Viscount Crichton.	Mr. Rodwell.
Lord Claud Hamilton.	Mr. Samuda.
Sir Harcourt Johnstone.	Mr. Serjeant Spinks.
Mr. Leighton.	Mr. Sullivan.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Sir WILLIAM HENRY STEPHENSON, K.C.B., called in; and Examined.

Sir *W. H. Stephenson*, K.C.B.

5 May 1876.

Chairman.

960. I BELIEVE you are Chairman of the Board of Inland Revenue?—I am.

961. You have been requested to attend here to give some information with regard to the application of this Act under the recent decision to the railway companies; I am not at all aware of what the information is that you can give, but will you state, if you please, your own views upon the subject?—I presume that you ask the question with reference to the extent to which it enabled us to recover the duty?

962. That is part of the point. I think that the honourable Member for Stafford is rather anxious to have some distinct information on that subject, and probably you will be able to furnish it to him?—I shall be very glad to answer any questions which the Committee may desire to put.

963. I do not know whether you are aware of the Return which has been sent this morning from the Inland Revenue Department with reference to the amount of arrears of duty from October 1866 to July 1874, which would have been payable had duty been charged in accordance with the recent decision of the Court of Exchequer?—I am quite aware of that; I saw that yesterday.

964. "The Railway Passenger Duty Committee having ordered a Return of the amount of arrears of duty from 1st October 1866 to 1st July 1874, which would have been payable had duty been charged in accordance with the decision of the Court of Exchequer, delivered on 6th July 1874, I am directed by the Board of Inland Revenue to transmit to you the accompanying account which they have had prepared. They desire me to point out at the same time that it is an estimate only, there being no means at their command of furnishing any accurate or precise data." Did you read or hear any of the evidence which was given by Mr. Melvill upon this question?—I had an opportunity of reading it the day before yesterday.

965. You are aware that he went very fully into the history of the negotiations which have taken place, and of the arrangements made between the Board of Inland Revenue and the companies in the earlier stages with reference to the payment of the duty?—Quite so.

Chairman—continued.

966. Have you any reason to differ from the statement which he made as to the practice which prevailed in your department?—No; I think his statement was quite correct as to the practice up to the present time.

967. And you agree with him as to the historical narrative, if I may so call it, of the different forms which this question has taken from time to time?—I think that he is quite correct in all those statements.

968. I believe the points as to which we wish for your information and knowledge, is with reference to the circumstances under which certain remissions of duty were made to various companies when it was found that the Government and the railway companies had been acting under what I may venture to call a misapprehension of the law till that law was declared by the decision of the Court of Exchequer?—With regard to that, I should rather demur to the statement that there was actually a remission of revenue, as your question puts it; it was a disputed point from the very first between the railway companies and the Inland Revenue Department as to the mode in which those duties should be charged, and the exemptions claimed. The system which the railway companies were at that time pursuing had been in operation for more than 20 years; and therefore it is quite clear that they had very good ground for disputing the claim which, for the first time, I think, was seriously made against them in 1869. I think they had a perfect right, if only upon the ground that they had been allowed to go on so long under a misconception, if it were one, to resist the claim which for the first time was then made to challenge some of the exemptions which they claimed.

969. During the period up to 1869, are you aware of the reference which had been made to this Act on various occasions by public men, Captain Tyler and others, with regard to what was then supposed to be the meaning of the Act?—I am quite aware that a good deal of discussion had taken place, but it had never arrived at anything like a decisive point until 1869. We were

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Sir *W. H. Stephenson*, K.C.B.

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Chairman—continued.

at issue with the Board of Trade as to the view which they took; they took a more favourable view of those exemptions than we were afterwards disposed to think was correct.

970. By which department was the question raised; by the Board of Trade or by the Board of Inland Revenue?—By the Board of Inland Revenue.

971. Then you agree with the statements which have been made that, up to that time, all parties were to a certain extent acquiescing in what was then the accepted law, and the accepted application of that Act?—Certainly.

972. You say that you have demurred to the statement that it was a remission?—Yes, on this ground. I say that no serious attempt having ever been made until the year 1869 to challenge the accounts, I have no doubt whatever that it would be impossible to go back further than 1869 in making any claim in respect of the remissions for duty. But beyond that we were very strongly advised on the matter. I think, if I recollect right, Mr. Melvill said so in his evidence before the Committee, that it was next to impossible to have made any successful attempt to recover those arrears at all. I confess that my own view of the case was very strong. In the first place, I thought that on the ground of equity the companies had a very strong claim, I will not say to forbearance, because that perhaps is hardly a proper expression in speaking of the collection of duties, but certainly to as liberal treatment in that matter as it was possible to concede to them; but we were surrounded with difficulties in the matter. At this moment, supposing that we were to determine to take proceedings to recover those duties, I very much doubt if we have any ground to stand upon.

973. You could not have made out your case?—I do not see how we could have done so. In the first place, you must proceed against each of the companies separately; it is quite clear that in a case like this the companies would have done everything they possibly could to resist your claim; they would have had a right to do so; and, indeed, it was their duty to their shareholders to do so; and, therefore, you must have been prepared for every possible legal impediment they could put in your way.

974. Independently of any moral feeling upon the subject?—I am putting that entirely on one side, and dealing altogether with the legal part of the question. I think we should have found insuperable difficulties in attempting to enforce that claim, and we were so advised. It took from 1859 to 1874 before we could get any decision at all upon the one single case. All these companies, if they choose, may still resist our claims, even upon the ground of that judgment, as regards the existing mode of taking the duties. It is not made absolutely certain in all cases; neither are there any two railways where the duties, I apprehend, are precisely under the same conditions; they vary so very much in the way in which their traffic is conducted that it would be extremely difficult to apply the same principle in every case upon the same terms. Therefore, having the very strong advice of our solicitor that we ought to be satisfied with the arrangements made with the companies, the companies themselves readily coming in and consenting to abide by that arrangement and to give us no further trouble or litigation, provided we

Chairman—continued.

on our parts were prepared not to take any legal steps to attempt to recover those duties; and being advised by our solicitor that that was a desirable and proper arrangement, I do not conceive that, under those circumstances, any other course was open to us.

975. You tried it as a fair compromise under the circumstances?—As a fair compromise under the circumstances; but I also wish to impress very strongly upon the Committee my own opinion, which is supported, I think, by my legal adviser, that it was extremely doubtful, to say the least of it, whether we could have succeeded eventually, and even if we had succeeded eventually the litigation must have been a very protracted one.

976. If it was taken in the light of a compromise, it was an advantageous compromise for you, with reference to the difficulty in which you were placed?—I believe that, upon the whole, it was.

977. And you say that they might have set you at defiance, and given you an infinity of trouble in proving your claim if you did so?—Most undoubtedly.

978. In that case you would have been worse off than you are under the circumstances in which you now stand?—I think so, because even now the application of the law in many cases is very doubtful; but the railway companies have acquiesced in a certain application of the law which I believe, on the whole, is as advantageous to the revenue as it is to the companies.

979. Suposing that your department were to stand upon a strict legal right under the law as now declared, do you think that there would be any difficulties on your part with the companies with reference to the administration of the law?—I think that there would be many difficulties. Even that judgment has not disposed of all the questions; there are a vast number of questions connected with the mode in which the duty is taken, and the traffic conducted, which render it in many cases very difficult, if not impossible, to carry out the law strictly.

980. There was an expression (rather a peculiar one) which Mr. Melvill used, and to which I took a little exception; he said that the law was obsolete, meaning by that to convey, I think, after he had given an explanation of it, that the law was actually inapplicable to the present state of railways; is that your view?—Of course, as regards that, I am very much dependent upon the legal opinion; but I know that it is the opinion of our law advisers, and always has been (and we have seen it ourselves in practice), that you could not strictly carry out the law in every particular.

981. That is, with regard to the various conditions imposed in reference to stopping at every station, running trains the whole length of a trunk line, for instance, and various other matters of detail to which I need not refer; but you, looking at it practically, and with light afforded to you by your legal advisers, are of opinion that the law, as it now stands, would be difficult to administer, and you may go so far as to say that it is not applicable to the present state of railways?—I think so. I doubt if there is any revenue law at all that you could strictly apply; you must apply it practically, and in the best way you can very often; and it is necessary, under certain circumstances, that you should have a good understanding

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Chairman—continued.

understanding with the parties with whom you are dealing in order to enable you to carry out the law at all.

982. And your representation is that the railways have met the Board of Inland Revenue fairly upon this question?—I think so.

983. Are you at all acquainted with the details of the figures in the table which you have handed in?—No. If you wish for any particular information about the details which are made out by the accountant of the department, he will be able to supply the information.

984. Is Mr. Rickman here to day?—I believe he is; or at all events he can be very easily got at if you desire to have him.

985. Have you anything further to add?—I do not think that I have; I think that I have stated fairly my own opinion.

Mr. *Samuda*.

986. The first objection that was raised to the mode of imposing the duties came from your office, the Board of Inland Revenue, did it not?—It did.

987. When that came, did you make any demand upon the railways according to your view of what it ought to be when that objection was raised?—We did not do so immediately, and a very long time elapsed before we were in a condition to do it at all; because when we first raised the question, it was a moot point between ourselves and the Board of Trade as to what was the proper mode of discharging the duty, and for a long time the Board of Trade entertained a very different opinion from ourselves; and I do not know that even to this day, except so far, of course, as the judgment is against them, they would not still think that they were carrying out the provisions of the Act more in its true spirit than we were.

988. With reference to a remark that you made as to the legal difficulties that surrounded you, what was your method of obtaining a knowledge of the amount that was due each year before this question was raised; did the railways return to you what they considered they ought to pay, or did you claim from the railways what you considered that they ought to pay?—The railways make a return which is, of course, checked by the knowledge that we have in the department.

989. And when you have so satisfied yourselves that the return so made is correct, does any paper pass between you and the railway companies to indicate that there has been a settlement accepted on your part for the duties payable up to that time?—I cannot so precisely answer that question as Mr. Rickman will be able to do, because he has carried on all the details of the examination, and he will be more conversant than I am with the precise mode in which that is arrived at. We rather know the result than the means by which that result is arrived at.

990. From the wording at the head of this paper, I think I understand that the approximate amounts which would have been payable under the judgment, have been arrived at here from taking four months in one year, that is the year 1874; and then making those figures so taken applicable to each previous year by adjusting it in reference either to the number of trains or the mileage of the railway; is that the way in which it has been arrived at?—I believe that that is so; and that will go far to prove what I said about the difficulty of getting a statement upon which you could base legal proceedings.

Mr. *Samuda*—continued.

991. Would not the natural result of that be to make the apparent amount that would have been payable very much in excess of what it really ought to be, to this extent: that there appears throughout the whole of the table to be a gradually but very largely increasing revenue from year to year from this duty?—Certainly.

992. And you have taken the basis of the last year and applied that to all the other years, as what would have been the result if you had made the claim as you conceive now you ought to have made it previously?—Certainly; it was for that reason that I myself particularly desired those words to be put in, in order that the attention of the Committee might be directed to the fact that it was a mere estimate, and a vague one. My own opinion is that it is very largely in excess of what the real facts of the case would have proved to be correct.

993. If the Committee thought that it would be desirable to arrive at a closer approximation to the truth of what this might be estimated at, would it be equally easy to obtain from the railways exactly the same information which you have obtained for 1874, and upon which these calculations are based, with regard to the year 1869?—I do not know that there would be any difficulty in that; but if you are going to see Mr. Rickman, I think that he would answer that question better than I can. I should like, if I may be permitted to do so, to remark that I remember that in the evidence which Mr. Melvill gave, he spoke of the loss of duty as having been equal to 5,000,000 *l.* sterling. I do not know how he arrived at this figure, but I have taken some little trouble to test the matter, and I am quite satisfied that it is greatly in excess of anything that can possibly be the case.

994. This table gives it as only 700,000 *l.*?—Yes, from 1866. Probably his answer had reference to what had passed from 1844, but even then I am quite sure that that is a great deal too much. This very morning, before I came here, I had a calculation made which I had asked for, to show the whole of the exempted traffic since 1844 up to the end of 1875. The whole of the exempted traffic, I find, from 1844 to the end of 1875, was only 128,000,000 *l.* If you will take 5 per cent. upon 128,000,000 *l.*, I think you will find that it does not come to 6,500,000 *l.* Now the exempted traffic, which is under question, is a very small part of that, and it is perfectly clear that 5,000,000 *l.* cannot possibly represent that which has escaped duty; one half of the amount, I believe, would have been in excess of the truth.

995. Would it be a very considerable reduction of labour to your department if any arrangement were made by which this tax was commuted in future, instead of its being accounted for in the way in which it has hitherto been done, or is being done at the present moment, so as to have a commutation instead of a calculation?—No doubt a commutation is always an easier thing, because you have a fixed datum to go by.

996. And your means of checking the accounts, I suppose, must be very elaborate and must require a very large staff?—It does not require a very large staff, but it requires a good deal of attention at certain times of the year, and a very close examination of the books and comparison of the

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Sir *W. H. Stephenson*, K.C.B.

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Mr. *Samuda*—continued.

the time tables, and so forth; and it is no doubt difficult and intricate.

Mr. *Arthur Peel.*

997. I understood you to say that from the year 1869 to the year 1874 was the time required to obtain a decision on this vexed question?—Yes.

998. How was it that the question of the duty was not reserved *pendente lite* to await the result if it was understood that there was a doubt about the matter and the Board of Trade and the Board of Inland Revenue were in doubt; would that have been impossible?—Of course, until we had got a decision we could not follow any other system than that which had been accepted and acted upon. The Board of Trade gave their certificates, and we were bound to act upon them so long as they remained uncontradicted by any decree of law; and I do not know that we could have collected the duty upon any other principle until that was done.

999. What right had the Board of Trade to issue certificates when the matter was acknowledgedly one of great difficulty and uncertainty?—They altered the character of their certificates after that to some extent.

1000. After 1869?—I think that in 1870 there was an alteration in the form of their certificate more in conformity with what we thought was the case; but you must remember that the Board of Trade had their own opinion upon this subject, and that opinion was in conflict with ours. I believe you will find that at one time the Board of Trade were disposed to be very much more liberal even than they had been; I think that their opinion at one time was that the exemption might be carried even further than it was.

1001. But the matter was referred by consent to the law courts?—Clearly; and after a certain time we were agreed with the Board of Trade as to what should be the course.

Mr. *Macdonald.*

1002. How long have you been Chairman of the Board of Inland Revenue?—Nearly 14 years.

1003. Can you state whether the Board of Trade and the Board of Inland Revenue have acted in concert with reference to the assessment of the duty, and the granting of exemptions from the duty to cheap trains during those 14 years?—Up to 1866 there is no doubt that they did; that is to say, we accepted the certificates of the Board of Trade, which we, up to that time, had no reason to challenge.

1004. You received those certificates without question?—Yes, they marked the time tables, which were the basis of the charge.

1005. Will you inform the Committee whether the approval by the Board of Trade of the cheap trains of the railway companies for the exemption from duty was made in connection with the Board of Inland Revenue?—It was made independently by the Board of Trade; they issued their own certificates, according to their own judgment, as to what was the law.

1006. Then, has the Board of Inland Revenue ever taken independent action with respect to the assessment of the duty without reference to the indications and the markings upon the time tables received from the Board of Trade, and, if so, at what period did this commence?—I think

Mr. *Macdonald*—continued.

that Mr. Rickman, who is more conversant with those details than I can possibly be, is coming before you, he would answer that more satisfactorily than I could; because, as the accountant, he is the person who would make the claim, and carry out all those details with the railway companies, and he is more conversant than I am with the particular mode in which that was done.

1007. You said, I think, in answer to the Chairman, and you repeated, I believe, in answer to the honourable Member for the Tower Hamlets, that you were advised to remit this duty; by whom were you so advised?—I think that my answer was that we were advised by our solicitor that it would be an advantageous arrangement with the railway companies to put an end to all further litigation by foregoing any attempt to recover the arrears on our part, and accepting from them an assurance that they would act upon the judgment of the Court of Exchequer.

1008. If after the decision was given the railway companies had refused to pay, would there have been any more difficulties connected with prosecuting the other railway companies, or making a claim upon them than that which was connected with the North London Company?—Not more difficulties, but pretty much the same difficulties.

1009. Is it not the duty of the Board of Inland Revenue specifically to collect the taxes that the Queen in Parliament imposes?—Undoubtedly.

1010. Are they directly or indirectly empowered to remit taxes?—No.

1011. Then those remissions did take place?—If you call them remissions, but I do not; I take exception to the term.

1012. Are the railway companies required to give a bond to the Crown or to the Government for the due payment of all duties to which they are liable, and is this requirement always carried out for the protection of the railway companies?—I believe so.

1013. Is it not within your knowledge that it is so?—I should be very sorry to answer positively for every case; I have no doubt that it is so, but you ask me a question which I am not prepared to answer more specifically than that.

1014. Can we get this information from Mr. Rickman?—You could get it from me if I have an opportunity of referring; but I have not the slightest doubt that it is so, because these regulations, I take it, are always conformed to, though in the situation which I hold it is impossible for me to observe every detail which goes on in a large department like mine. Therefore, I merely answer in that way really because the thing is not under my own eye at the moment; but I have no doubt that it is so.

1015. You have no doubt whatever that the bonds are given?—No doubt at all.

1016. There is no exception?—None at all that I am aware of.

1017. At what date was your attention first drawn to the fact that the railway companies were not paying the duty according to what you were advised that the law was?—I think in 1866, so far as I am concerned.

1018. Had your attention ever been directed to it prior to that time?—Not that I am aware of.

1019. By

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Mr. *Macdonald*—continued.

1019. By whom was your attention first directed to it?—By the solicitor.

1020. That solicitor being Mr. Melvill, whom we had here the other day?—Yes.

1021. Was immediate action taken by the Board of Inland Revenue the moment that you were informed, or that the opinion was given very specifically that a certain amount of revenue was not being called up according to the statute?—The first intimation that was given to me was the expression of a doubt as to whether the certificates of the Board of Trade were given in exact conformity with the provisions of the law, and of course the first step then was to enter into communication with the Board of Trade; then there was a great difference of opinion upon that subject, and, in point of fact, I do not know that we ever did come to any absolute agreement as to what the state of the law really was. It was very doubtful; the Board of Trade claimed a power of acting which we thought was too extensive; but they did not think so, or not for a long time, at all events.

1022. I am about to put a question to you as to which the Chairman may rule that I am out of order, but it is one which I think arises here; do you think it desirable that such a conflict should arise, or be continued for such a number of years, as it is clear there has been here between two departments with respect to an important duty like this?—Clearly not; but where two opinions prevail upon the subject I do not know how you are to prevent it until something arises to settle it.

1023. Would it not have been desirable to have made representations to a proper quarter to have that difficulty removed, because evidently there were two parties at work?—I do not know what the proper quarter would have been exactly. Here are two departments charged with the execution of an Act of Parliament, the one primarily having certain powers given to them under the Act, which powers they exercise in a certain way. They had done that for a great number of years without challenge, and we had no reason to suppose that there was anything incorrect in what they were doing. Then after a considerable lapse of time the department immediately charged with collecting the revenue think that they see something that is incorrect in those certificates, and they call attention to it. A correspondence ensues, the law officers are consulted, law opinions are taken, and those opinions differ; two very eminent men give an opinion one way, and two equally eminent men give an opinion the other way. It is quite clear that under those circumstances it is not very easy to arrive at a solution of a question of that kind; and, in point of fact, it was not until we were able to force the question into a court of law, that we could come to any positive decision upon the subject.

1024. My purpose is quite served by asking you whether you really think it desirable that such conflicts should exist at all in connection with the revenue?—If you can prevent such conflicts, I quite agree with you that it is desirable to do so.

1025. You say, I think, that you do not conceive that the statement of Mr. Melvill was quite correct when he said that something like 5,000,000 *l.* which ought to have been paid was not paid?—I think I have given you pretty good proof that it was incorrect.

Mr. *Macdonald*—continued.

1026. Do you think that Mr. Melvill is not likely to have made his statement upon pretty good proof?—I have given you absolute figures, which I think are very much better than opinions.

1027. Is there any discretionary power vested in the Board of Trade to remit any portion of duties?—Not to remit portions of duties; but there is a discretionary power with them as to exemptions which they shall give. You will find it, I think, given in 7th & 8th Vict. c. 85, s. 8. They have power to make alternative conditions as to what shall be the conditions of exemption; and that in point of fact was the origin of the whole of the difficulty between us and them.

Chairman.

1028. They exercised greater power in dispensing than the law courts have since held that they had power to do, did they not?—Quite so.

1029. And hence arose the whole of this question?—That was the origin of the whole.

Mr. *Macdonald.*

1030. They acted on a mistaken view?—As it has now been proved by the decision of the Court of Exchequer confirmed by the House of Lords.

1031. Have any remissions of the passenger tax been made by your Board, or can you name any company or companies which have had such remissions made to them?—Not unless you are referring to the particular case of the South Eastern Railway Company. That is the only instance in which I know of anything that I can call a remission of duty.

1032. When was that?—That was at the time that this was settled.

1033. Was there a sum of 4,500 *l.* held by the Board of Inland Revenue to be due at that time from the South Eastern Railway Company?—No, there was a sum of about 900 *l.*, I think.

1034. Did they not pay 1,081 *l.*?—They paid more than that, I think; but 900 *l.* was the only sum that was in dispute, or held in suspense.

1035. Did they not pay into the hands of the Board of Inland Revenue 1,081 *l.*?—I should think that they paid more, but they only got back 900 *l.*; that was the whole sum that was held in suspense.

1036. Was not the original charge 4,500 *l.*?—I believe it was.

1037. Did they not pay into the Inland Revenue 1,081 *l.*?—I apprehend that they paid more; you say that the amount due from them was upwards of 4,000 *l.*

1038. They were to pay 900 *l.*?—They were.

1039. The Board of Inland Revenue retained 181 *l.*?—I do not follow your figures at all; but I have not got the particulars here, so that I cannot check it.

1040. Is the sanction of the Lords of the Treasury asked for and obtained by your Board in all such cases, or is any report of the remission or repayments made by you, or sent by you to the Lords of the Treasury?—In the case of any absolute repayment of duty, we certainly should not have authority to make it, unless it had been wrongly collected, without the authority of the Lords of the Treasury; but in this case this was money which was held in suspense; it was paid to us under certain conditions, namely, that it should

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Sir *W. H. Stephenson*, K.C.B.

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Mr. *Macdonald*—continued.

be only held until the decision in the Court of Exchequer, and that it should abide what the Board determined to do upon that judgment. Upon that we, upon looking into the accounts, found that there was a sum of 900 *l.* which they had wrongfully paid according to that decision, and that was repaid to them.

1041. According to what decision?—According to the decision to which the Board came after the judgment of the Court of Exchequer.

1042. That decision was not to prosecute the claim?—It was not to prosecute the claim.

1043. Has the Board been more active during the last 10 years than it was previously in collecting and inquiring into railway accounts?—We have been much more active because we have had many more difficulties to encounter.

1044. What has been the result?—The result has been, not from any increased activity on the part of the Board, but in consequence of the rectification of a misapplication of the Act, that a larger amount of duty is now collected than was collected before.

1045. Is the same mode of obtaining your information and making your claim still going on in the office as has been going on for several years past?—Precisely.

1046. If you find sums due, and if those are refused, is it the course that you pursue to take immediate action for their recovery from the railway companies?—The railway companies pay very regularly when the accounts are settled; they are taken periodically, and there is no difficulty in the payment of the duty.

1047. How often is your claim for the revenue made?—I think every three months; but that is a question which perhaps you will ask Mr. Rickman.

1048. Are there not some of the railway companies whose accounts are allowed to lie out for a longer period than that?—I am not aware of any at this moment, but in answering these questions I must beg you to remember that there are many details of this kind of which I do not pretend to be cognisant, and that you will get much more correctly from Mr. Rickman, who has been for a long time engaged in these examinations.

1049. You stated some time ago that there would have been very great difficulty in prosecuting the claims, if you had proceeded against all the railways; would there have been much difficulty in recovering, seeing that you have a bond in your possession?—I do not see how the bond would have helped you, because what you have to do is to prove your case. There was no doubt of the liability of the companies to anything that you could prove they were bound to pay; but the bond goes no further than that. The bond would not have enabled you to settle exactly what was due from them.

1050. But there could have been no difficulty in having your payments made to the extreme amount?—There was no difficulty in prosecuting the companies.

Chairman.

1051. The first thing, I suppose, would be to see whether the conditions of the bond had been broken, or not?—Even earlier than that; but one of the difficulties that particularly affects my mind is this: how are you to arrive at any precise sum that you could go and state in a court of justice was due by those companies? If you

Chairman—continued.

have to proceed against an adverse party, of course you must be very precise in the datum that you go upon. I have no doubt whatever that those railway companies would have held us at arm's length, and would have put every obstacle in our way, and they would have been perfectly right to do so.

Mr. *Macdonald.*

1052. Not more than the law courts usually do?—I do not know that the law courts would have helped you in the matter in making out the first statement of your claim.

1053. In regard to the collection, you said that in equity you thought that they were not bound to pay from the time at which you made your first claim; do you so treat individuals who may either by neglect or otherwise, not have paid the Board of Inland Revenue; do you consider that no equity you ought to absorb them from payment?—I certainly have no hesitation in saying that the Government always regards questions of equity in dealing under certain circumstances with the payment of duties; it has, I think, been the immemorial practice not always to insist upon the extreme letter of the law, but in many cases to regard equity; and I believe that if you did not so act you could not collect your taxes at all.

1054. Mr. Melvill stated to us that the one principal reason (I think they were the words he used, why they did not exact the money was because it had been paid away in dividends, and had gone into the shareholders' pockets; would that be a plea that you would regard as valid by an individual coming before the Board of Inland Revenue and owing you, not 30,000 *l.*, but 40 *l.* or 50 *l.*?—That is a sentimental view which more or less might effect a man's judgment, but that I have myself entirely discarded in dealing with this question. I think that there might be a great deal to be said about it, but it is a consideration that I should be backward to urge. It is very much a matter of sentiment, and though I do not discard sentiment altogether in dealing with claims for duty under certain circumstances, I have studiously avoided putting that forward as any ground that influenced me as the chairman of the Board in dealing with this case. I went upon entirely different grounds: upon the extreme difficulty, and the great doubt that there was as to whether you would succeed in enforcing these claims in a court of law; and even if you did so, the enormously protracted litigation that you might have to encounter before you could come to any settlement at all; and in the meantime the companies might certainly have put us in circumstances of great difficulty in collecting the duty as it is. Upon the whole, I believe that the arrangement that was then made was an equitable one for the companies, and not a bad one for the Government.

1055. Is it not the office of the Board of Inland Revenue to collect the revenue without looking at difficulties?—Hardly; I do not know how you can collect revenue without looking at all the difficulties that occur.

1056. Mr. Melvill stated that he had no doubt whatever when he gave the opinion in 1866 that the duty was not being properly paid; do you think that that was not a sufficient period in which to have collected the tax, instead of the period that you ultimately agreed to, seeing that that was your solicitor's opinion?—In the first place,

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Mr. *Macdonald*—continued.

place, I do not know that the solicitor expressed his opinion so strongly as that; and supposing he did, we could not act absolutely upon his opinion; we were bound, to a great extent, by the certificates of the Board of Trade, and we were bound by the opinions of many of far more eminence than Mr. Melvill can pretend to be.

Mr. Ashley.

1057. Is the duty 5 per cent. on the gross or the net passenger receipts?—On the gross.

1058. These railways companies, I suppose, send you a return of their gross passenger receipts?—Yes; they make out accounts.

1059. Could you furnish the Committee with a table showing the proportion to the 5 per cent. paid upon the gross passenger receipts that the exemption bears in the case of each railway company, that is the amount of money that they are recouped by the exemption; so as to show what per-centage on the money that would be represented by a 5 per cent. duty each of those sums represents in the case of each railway company?—I think so.

1060. There are 48 railway companies in the return which has been handed in to-day; are those all the railway companies of the United Kingdom?—Yes, I think so; I believe they are all there; all that is that are concerned with this litigation.

1061. Could you then also in the table, divide the total amount of the per-centage column by the number of railways named in the table thus by 48, giving the average proportion for the whole of the railway companies, which the sum which they are recouped by the exemption bears to what they would pay without the exemption under the 5 per cent. tax?—I do not think that there would be any difficulty in that.

1062. Then, if there was any proposal to do away with all the exemptions, and to reduce the 5 per cent. to some per-centage, that would represent in the rough what they now actually pay; this calculation would give us the per-centage that we ought to take?—I think I understand what you mean. At all events, if you will be good enough to let me have what you require in writing, I will take care that it shall be done.

1063. Can you form any opinion whether, taking an average of that sort, you would allot the payment pretty fairly to all the different railway companies, because, of course, some railway companies carry a great many more passengers than others?—Yes.

1064. Can you roughly give an idea whether an average of that sort would deal fairly with all the railway companies?—If you wish to see what effect any alteration of the duty would have upon the different railway companies with reference to their different modes of traffic that would be very easy to get at, because you know the receipts of each railway from passenger traffic and their receipts from goods' traffic, and what is the exempted traffic.

1065. I am, of course, confining myself to passengers; but perhaps it might be necessary in order to show how it would affect each company to show what proportion their goods' traffic and passenger traffic bore to each other. For instance, of course the metropolitan traffic is almost entirely passenger traffic; if you did away with all exemptions, and charged a 3 per cent. duty upon their gross receipts, that would be much less

Mr. *Ashley*—continued.

benefit to the Metropolitan Railway than to a northern railway that carries very few passengers, and that has not much exemption?—Clearly. If there is anything of that kind that we can furnish the Committee with, I shall be very glad to do what we can to furnish it correctly.

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Mr. *Leighton.*

1066. I do not quite understand the position of the Board of Trade with regard to the Inland Revenue; the head of the Board of Trade is the President of the Board of Trade, I presume?—Yes.

1067. And the head of the Board of Inland Revenue is the Chancellor of the Exchequer, is he not?—I can hardly say that he is the head of the Inland Revenue; though the Board of Inland Revenue is, so to speak, under the Treasury.

1068. Then who would be the head of the Inland Revenue?—The Board, consisting of five commissioners.

1069. And the Board of Inland Revenue apparently cannot act in regard to the duty on railways without the authority of the Board of Trade?—No.

1070. With regard to the questions which the honourable Member for Stafford has put to you, I believe that the whole of railway legislation from the beginning has been piecemeal?—It has.

1071. The liability to taxation, the obligation to remissions, the duties of the railways to the public and their duties to individuals, are all matters of principle which have been growing, and have never been directly and absolutely stated; is not that so?—Quite so.

1072. Therefore those duties do not depend upon legal technicalities, but upon broad principles?—They depend upon broad principles in their origin, but of course to some extent they must be governed by legal technicalities in their administration.

1073. The legislation has been growing and developing, has it not?—Clearly.

1074. It has not been a fixed or settled system for the last 20 years, has it?—No; great alterations have been made from time to time.

1075. We have heard that two Chancellors of the Exchequer, Mr. Lowe and Mr. Gladstone, proposed alterations?—Yes.

1076. Besides the Board of Trade and the Board of Inland Revenue, the War Office has something to do with the railways in regard to the carriage of soldiers, has it not?—I do not know that it has anything to do with the administration of the railways; but, however, that is a point of which I am not cognisant.

1077. The point at which my questions aim is that the railways are at present under a variety of public authorities?—They are.

1078. In addition to that the Railway Commissioners now interfere with the traffic, do they not?—Yes, I believe they do.

1079. The consequence is that there are four public offices, all of which are interfering with railways?—Yes.

1080. Do you think that it would be a good thing to constitute one public office which should have the direction and check over the railways?—I think that it would. At the same time, so far as the collection of the revenue is concerned, it might, perhaps, be a question whether you could give that over to a department that had

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Mr. *Leighton*—continued.

the administration of the railways in other respects.

1081. But at present the remissions depend upon the obligations, and the obligations depend upon the Board of Trade?—Yes, that is true.

1082. Therefore, is it your opinion (I suppose that it is germane to the question), that this apparent conflict of opinion between the two authorities governing the railways, should be removed by one authority being constituted?—No doubt it would be very expedient.

1083. Do you think that there would be any objection in principle, to a duty upon net profits?—No, I am not aware of any objection to it in principle at all.

1084. Do you think that the taxation of gross profits, and the taxation of net profits, stand upon the same principle?—Of course there is this difficulty; that to arrive at net profits you must look into and see what the deductions from the gross profits are; the gross profits are things which are perfectly clear and apparent to everybody, and there can be no question about them at all; but in order to arrive at the net profits, you must look at the deductions to be made from the gross profits, and that might very often introduce questions of difficulty.

1085. Do you think that the injustice to the railway companies is this: that if you take gross receipts from passengers, it may be that 100,000 *l.* gained by one railway is gained at a cost of 80,000 *l.*; and that 100,000 *l.* gained by another railway is gained at a cost of 50,000 *l.*; therefore if you tax the gross receipts, the railways which earn their receipts at a large outlay, are unfairly taxed as compared with railways which earn their receipts at a small outlay, are they not?—On the other hand, it does not at all follow that where there is the largest outlay there is the best management; and if good management would give you a larger net receipt, it would not be right that the result of bad management should insure the payment of less duty than another railway would pay, because their management is better.

1086. But I suppose that people must be presumed to manage their affairs to the best of their ability, whether they are successful or not?—There again is another difficulty: if you are to go to the net receipts and see what are the fair deductions, a department having to do that would have, I think, very much to judge for itself.

1087. On the whole, do you think that it would be fair to tax net receipts?—I think that it would be perfectly fair if you were quite sure that in every case the net receipts were arrived at by the same process.

1088. Do you think that the duty hinders the development of railways?—I should think not; I cannot conceive how the 5 per cent. passenger duty can prevent the development of a railway.

1089. Do you think that it is an increasing duty, and one that is likely to increase?—Certainly.

1090. In the case of a duty on gross or net receipts, the system of accounts, which is now very troublesome, would be got rid of, would it not, doing away with the exemptions?—No doubt.

1091. That, I presume, would be a great advantage, both to the Inland Revenue and to the railway companies?—Certainly; but the railways might probably prefer the exemption.

Mr. *Leighton*—continued.

1092. With regard to the policy of Government interference, do you think that it is necessary for the Government to maintain a control over the railways?—If you will excuse me, I would rather not give an opinion upon questions of policy, because I might be in conflict with the Government, and in my position I think that that is undesirable.

1093. Do the railway companies offer every facility to you to see their accounts?—Yes.

1094. You do not find that they act in a hostile way towards the Board of Inland Revenue, or towards the Board of Trade?—Not at all.

Lord *Claud Hamilton*.

1095. You say that you do not think that this tax hinders the development of traffic?—I should not like to go very much into that. When one is asked for an opinion one gives an abstract answer, but my opinion upon that is worth no more than anybody else's; I do not see at the present moment how a duty of that kind can affect the development of a railway.

1096. On a surburban line, is it not a fact, that in order to be able to claim exemption, railway companies run trains stopping at every station, which trains they would run at a much quicker rate of speed if there was no exemption to be obtained?—No doubt; but that is a question which rather affects the exemptions; I was rather giving my answers upon the abstract question of a duty upon railways. Of course the mode in which you assess that duty may be burdensome in particular instances; that I do not deny.

1097. It no doubt hampers railway companies in the promotion of quick traffic?—That, I think, is quite possible.

1098. And as time means money, as you know as well as anybody, do you not therefore think that it may hinder the development of the traffic?—I can quite understand that there may be cases in which the duty may act prejudicially to railways, in the way of giving them trouble, but I am very little conversant with the working of railways.

1099. In your opinion, would there be any difficulty in levying the duty if all passengers charged at a penny a mile and under, were exempt?—I apprehend not; I do not see why there should be the slightest difficulty in that.

1100. I suppose that you agree with Mr. Melvill that the primary object of this tax is revenue?—I presume that the sole object of every tax is revenue; I do not see what other object you can have.

1101. Supposing that present and future Chancellors of the Exchequer do not see their way to giving up this large sum of money which they derive from railways, or to giving up only a portion of it, do you not think that the same amount, or a less amount of money, might be derived from the railway companies in a manner less troublesome to your office and less vexatious to the railway companies?—If you are speaking of a duty levied upon railways in some other form, no doubt I could devise forms which would be more easy of collection, but whether they would be more acceptable to the railway companies I do not know.

1102. Do you think that the same amount of money, or a less amount, could be obtained from the railway companies in a manner much less vexatious

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Lord *Claud Hamilton*—continued.

vexatious to the railway companies, and at the same time equally satisfactory, if not more so, to yourself?—I am not quite so sure of that, because the interests of the railway companies vary so very much, according to the description of their traffic; as to fast trains or to slow trains; as to goods' traffic, or as to passenger traffic; that one system which might be very pretty in theory, and might be very advantageous to some railway companies, and certainly advantageous to the Government, might be very prejudicial to other railways.

1103. Do you think that there could be no improvement in the incidence of the tax?—No, I do not say that by any means; I myself, some years ago, thought that it would be a very good thing if you could convert the present passenger tax, with all its exemptions, into a tax upon all receipts from railways; but what I was saying just now occurred; it was found that what might have been extremely beneficial to some railways would have been very prejudicial indeed to others.

Chairman.

1104. That was somewhat like Mr. Lowe's proposition, was it not?—It was.

Mr. *Bruce.*

1105. You stated, I think, that the solicitor to the Inland Revenue raised some doubts about this tax some years ago, in 1866?—1866, I think, was the date when attention was first called to it.

1106. I presume that the opinion of the solicitor is a matter which you would consider as not binding upon the Board of Inland Revenue, and not in itself sufficient for them to act upon in changing the law?—Clearly not in every case.

1107. And it is not binding at all until it is confirmed by the courts of law?—No; and besides, when I speak of the solicitor giving his opinion, it was necessarily given with a certain amount of diffidence, because he merely called attention to what appeared to him to be a departure from the practice, and I almost doubt whether it first originated with him; I think it is very likely that some attention was called to it in the examination of the accounts, the matter not having struck the examiner before that.

1108. I presume that the Board, in its discretion, would not think it desirable to act upon a new interpretation of the law without having it confirmed by some superior authority?—Certainly not, and particularly in a case like this, where there had been a conflict of opinion between two Government departments of equal standing.

1109. And it has happened sometimes, has it not, that the advice upon which you have acted in cases has not always proved to be correct?—Lawyers sometimes do fail in their judgment, and the courts of law may hold a different opinion.

1110. With reference to the difference of opinion between you and the Board of Trade, is it not this, that the Board of Trade, under the Act of Parliament, was empowered to grant certain exemptions with reference to these trains, that is to say, to put certain trains under the head of cheap trains?—I do not know that you can go quite so far as that; but under the Act which I quoted some time ago they had the

Mr. *Bruce*—continued.

power of varying the conditions under which that exemption could be claimed, which amounted to pretty much the same thing.

1111. And they did vary those conditions under that Act of Parliament?—They did under what they believed to be that authority.

1112. The railway companies acted upon the authority so given by the Board of Trade, did they not?—They did.

1113. And they conformed to it strictly?—I believe they did.

1114. And they made the arrangements of their trains under the impression, which was shared by the Board of Trade, that the conditions so imposed were legal?—I presume that they did.

1115. So that if the railway companies had been aware, and the Board of Trade had been aware, that they had exceeded their authority, the railway companies would have had it in their power to vary the trains, or to alter the trains which they then ran in accordance with the altered state of the law?—Certainly.

1116. In the paper which has been handed in this morning the calculation is made on four months of 1874; is it not the case that the traffic, taking it all over the country, has increased very largely within the last year?—No doubt the traffic has been in a state of normal increase for years past.

1117. And there was a very rapid increase at one time, was there not?—There was.

1118. So that the figures of the year 1874 would not be at all applicable to the year 1869, nor to the years previous to that?—Certainly not.

1119. Accordingly, a statement based upon the figures of the year 1874 and carried back, would be a very unreliable statement as to the real state of affairs during the years previous to that?—I think that any statement would be unreliable, but particularly unreliable for the reasons which you give.

1120. The decision of the House of Lords bore upon one particular point, but I believe that there were some other points which were left not decided; and there was one point, I think, which went further in the direction of exemptions than the interpretation which the Board of Trade had previously given to the Act?—I do not recollect it. There was a variation in one of the declarations by the House of Lords from that which was given in the Court of Exchequer, but I do not think that that was material, and I do not remember any other.

1121. I thought that the House of Lords held that the company might run several trains under the conditions of the Act, and not only one train a day. However, in any case the conditions as fixed by the judgment of the House of Lords are not complete, and they would give rise to questions with other railways if the case of those other railways came to be tried?—Yes, no doubt.

1122. I presume that the Board of Inland Revenue (I am not talking now simply of the case of railways) is vested with a certain discretion in its application of the revenue laws to particular instances?—Yes, in certain cases there is necessarily a good deal of discretion left to the Board; because you cannot work any Act, and particularly a Revenue Act, unless some discretion is left to you as to the mode in which you administer it.

1123. The

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Mr. *Bruce*—continued.

1123. The Board of Inland Revenue having to apply the Revenue Acts, must necessarily apply them in the mode in which it thinks most practicable as regards the persons whom they affect, and most advantageous to the revenue?—Most undoubtedly.

1124. So that, in judging of a case like this, where there were difficulties on both sides, the Board of Inland Revenue would feel itself justified in taking the course which it thinks most advantageous to the public service?—I think so.

1125. With reference to the question of averages which was mentioned by the honourable Member for Poole, do not the exemptions bear very irregularly on different companies?—Very much so; of course the circumstances of the traffic differ so very much that it must affect them very differently.

1126. So that an average could hardly be fair to each individual company?—It would unquestionably alter very much the circumstances of the duty which the companies would have to pay.

Sir *Harcourt Johnstone.*

1127. When the Inland Revenue accepted the certificates of the Board of Trade, who gave the railway companies the receipt for the duties, the Board of Trade or the Board of Inland Revenue?—That would be entirely in the Inland Revenue, the Board of Trade have nothing to do with the receipt of the duties.

1128. Then the Inland Revenue directly gave to the railway companies a receipt for the duties received?—Certainly.

1129. Without protest?—I cannot say that there was any protest at any time; but certainly there was not before 1869, because up to that time it was a disputed point, and we had come to no agreement even with the Board of Trade.

1130. Were the receipts given without prejudice?—They were accepted, because, until 1869, there was no reason to doubt their accuracy.

1131. But it was not stated at the time that they were without prejudice to any existing litigation, but they were absolutely given as receipts for money?—Certainly.

1132. Is it not rather a novel principle, when accounts are settled (using your own words), to go for back claims on a new interpretation of the law?—I quite take that view; that is my opinion.

1133. You yourself went upon the equitable construction of the law, and not upon that technical construction which was afterwards insisted upon by some Government Department, and afterwards brought into a court of law for decision?—I can hardly say that we took an equitable construction of the law. We accepted the law for a long time, as we believed it to be correctly interpreted; it was long before we had any reason to believe that the Board of Trade were giving certificates under conditions other than those under which they were entitled to give them. Then the question arose, and it was the subject of long discussion between us and the Board of Trade, as to which of us was right.

1134. Have you any precedent for going back when payments have to be made and receipts given, and raising new points of law; under any of the old Assessment Acts has it been the case that you have pressed for additional sums to those already given?—I should think not; I should doubt there being any precedent for claiming back duty in a case where there has been a subsequent interpretation of the law, and where the receipt of those duties has been acknowledged under the law as then understood.

Sir *Harcourt Johnstone*—continued.

1135. The Inland Revenue officers (I am not speaking of the Board) have always had a certain amount of discretion and power of remitting on questions of exemption from taxation, have they not; acting according to the best of their judgment in the same way as the Commissioners of Income Tax have had?—No; as a rule an Inland Revenue officer has no discretion at all. If any question arises, he is bound to bring it before the Board. Wherever a question arises, if there is any doubt of any sort or kind as to the amount of duty that a man has to pay, it comes directly to the Board of Inland Revenue, and they decide upon it themselves.

1136. If I remember rightly, my experience as sitting upon assessments in the country, has been very much the reverse; and where the Commissioners of Assessed Taxes sat with an Inland revenue officer, he has constantly remitted taxation where, on the merits of the case, it appeared to have been unjustly levied?—The surveyor, who I presume would be the officer of whom you speak, would have no power at all; the power there is with the District Commissioners and not with the Board of Inland Revenue; it is for them to say what the assessment should be. The surveyor may give his views one way or the other, but he has no power of deciding.

1137. Perhaps not absolutely, but practically it was the case?—If he saw what the feeling of the District Commissioners was, the judgment being with them, he would exercise more or less his discretion as to whether he should press the matter one way or the other.

1138. Therefore you are not likely to be indicted for having exercised a certain amount of discretion, because you are responsible for that discretion directly to the Chancellor of the Exchequer?—Certainly.

Mr. *Macdonald.*

1139. We have had it very strongly stated that the present law operates as a premium upon false declarations, and evasion of payments; is it your opinion that that is the working of the law at the present time?—Not at all; I never had reason to suspect anything in the shape of false statements or evasions; and I do not quite understand how it could occur, because we have free access to the books of all these companies, and I should think that it is very much our fault if we are deceived in the direction in which, if I understand you rightly, you are pointing, which is a deliberate attempt to commit a fraud.

1140. The question was put to a former witness, and the answer which he gave was that the law operates as a premium upon false declarations and evasion of payment; that is not your opinion?—To a certain degree it is a voluntary statement on the part of the railway companies as to the extent to which they have to pay duty; but that is a statement which you can always check, because, after all, all the accounts of the railway companies are public; and if you are deceived to-day you can find out to-morrow whether you have been deceived or not. I should doubt whether it is possible, and certainly it is not probable.

1141. Have

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Mr. *Macdonald*—continued.

1141. Have you or your officers ever had reason to suspect a false system of accounts on the part of railway companies for the purpose of evasion?—I have never heard of such a thing.

1142. You cannot conceive that such a statement is correct?—I can conceive people attempting to commit frauds, but I never heard of such a thing as you suggest, and I do not think that it is at all likely.

1143. Mr. Melvill spoke of the railway system being to some extent a monopoly, and that has been very much disputed. Referring to page 28 of the Report for the year ending March 1873, I find that it concludes by a reference to the privileges and monopolies conceded to the companies; have you any doubt that to some extent there is a monopoly in railways?—No; I have no doubt on that point, certainly.

1144. They stand on a par as monopolists with gas companies and water companies, do they not?—They do in that respect stand upon the same terms, I think.

1145. Then your opinion is that the statement is correct that great privileges and monopolies are conceded to them?—I think so.

1146. I am about to put a question now as to which I consulted the Chairman beforehand. Have you any intimation that there is a feeling on the part of several of the companies that there is greater leniency exercised in the case of some companies with regard to the fiscal exaction than in the case of other companies?—No; I never heard of it.

1147. You have had no representation of that kind made to you by any company?—Never that I am aware of.

1148. Nor to any of your subordinates?—Not that I am aware of.

1149. Has the passenger duty been collected from the Metropolitan, the Manchester, Sheffield, and Lincolnshire, and the South Eastern Companies for the three months prior to the close of last year upon the altered system?—I am not prepared at this moment to say.

Mr. *Macdonald*—continued.

1150. Would you place before the Committee a return showing with regard to those three companies the relative revenue of the last three months of last year, and of the first three months of this year, and the duty either paid or liable to be paid?—I should think that there would be no difficulty about that, but Mr. Rickman would perhaps tell you better than I could.

Chairman.

1151. I understood that you did not at all adopt the word which was used as to there having been any remission of any of these duties?—No, do not, for the reasons which I have given to you.

1152. I understand you to present this view of the case; that you were under difficulties, and that your solicitor acting as he would have done for a client, made what he considered to be the best arrangement for his office and for you under the circumstances?—Quite so.

1153. And you made no concession, except so far as that concession assisted you in getting rid of a troublesome question, and doing the best that you could for yourselves?—Quite so.

1154. There was nothing beyond that, either sentimental or equitable, but at the same time you made the best bargain that you could for the public?—I think so; we did what we thought was fair to the railway companies, and what, on the whole, was advantageous to the public.

1155. Putting it, if I may be allowed so to put it, in the light of a legal adviser acting for a client who was in litigation?—I think so.

Mr. *Ashley.*

1156. Should there not be added to the 48 railways, any other railways there may be which claim and obtain exemptions under the Cheap Trains Act?—Yes, I understand what the honourable Member means.

Mr. MYLES FENTON, called in; and Examined.

Mr. *Samuda.*

1157. YOU are the General Manager of the Metropolitan Railway, are you not?—Yes, I have been the General Manager of the Metropolitan Railway ever since its opening in 1863. Prior to that I was the Assistant Manager of the Lancashire and Yorkshire Railway for some years, and prior to that I was Secretary of the East Lancashire Railway. That is the experience which I have had of railways.

1158. Your attention has been called in your capacity of manager to the passenger duty, I presume?—It has.

1159. And you propose to give us shortly a general statement of the way in which the duty has arisen, and acted, which I think may be taken to be almost a repetition of that which we have had already from Mr. Forbes; that is to say, that the duty was first fixed at the rate of a farthing per mile, to assimilate it to that which was then payable by stage coaches; there was then some difficulty found in collecting it, and it was in 1842 commuted to a charge of 5 per cent. upon the gross passenger receipts?—Yes.

Mr. *Samuda*—continued.

1160. Your railway was commenced in 1854, was it not?—The Act was obtained in 1854.

1161. And it was opened in 1863?—It was.

1162. At that time, I believe, a penny per mile per vehicle was the charge which was made for omnibuses, making it 94 *l.* 18 *s.* per annum for each omnibus?—Yes.

1163. And that in 1866 was reduced to a farthing per mile, or one-fourth of that sum?—Yes.

1164. And in 1870 the mileage tax was totally abolished?—Yes; in the month of January this year, I prepared a statement of reasons against the passenger duty on our railway, and if you will allow me I will read it. It is very similar to the one which Mr. Forbes put in the other day; Mr. Forbes has taken my statement as the basis of his own, amplifying and adapting it to the circumstances of the District Railway.

1165. Will you shortly refer to your own paper so as to place upon our notes that which you have put before us in writing?—Yes; Mr. Forbes went so thoroughly into the matter that there

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Mr. *Samuda*—continued.

there remains for me very little to say, and I shall not trouble the Committee at any length; but with regard to the duty as it existed in 1863, when we opened the Metropolitan Railway, the first and material question was what fare should be charged upon an exceptional line like the Metropolitan. There was nothing like it in the history of railways; it was peculiar in many of its features; and of course it was most important that we should be guided by the charges made by competing conveyances, in settling the scale of fares to be adopted.

1166. When you opened your line, between what points did you open it?—We opened it between Farringdon-street and Bishop's-road only. I went very carefully into this question of fares, and based my fares upon the charges that were then made by the omnibuses. The principle upon which I went was this: I made the lowest fare meet, as I thought, the requirements of the lowest class of passengers, making the fares as a rule the same as the omnibus fare for the single journey, but allowing something off the return fare; and upon that for the second class charging some small amount for the additional accommodation; and for the first-class passenger something still more for the accommodation afforded to him. That basis has been adopted in the calculation or fixing of all the fares upon the Metropolitan system from that time. I may say that, amongst the advantages which the railway offered as against the omnibuses, was one very special one, which was this: The omnibuses did not start until about eight o'clock in the morning, and their fares were high, so that practically they were of no use to the working class. We began by starting our trains at six o'clock in the morning, so that this was an immense advantage to the working class which they never had before. Then I go on to say: "Whilst the competitive means for the conveyance of passengers in London by omnibus, tramway, or steamers are free from taxation, the duty upon the passenger receipts of the Metropolitan Railway still continues to be exacted." Perhaps you will allow me to describe shortly exactly what the Metropolitan Railway is, and what is the competition which we have to meet. You will find a plan similar to the one which Mr. Forbes gave to you the other day in the District Company's case; but this plan shows the several lines of omnibuses by which we are affected east and west, and north and south. You will see that, starting from Bishopsgate (or Broad-street), which is our present terminus, the Metropolitan Railway goes on by the red line through Finsbury-circus, Moorgate-street, King's-cross, Edgware-road, Praed-street, Paddington, on to Notting-hill-gate, on the inner line, and so on to South Kensington station, where it joins the District Railway; then at Edgware-road you will see that there is a branch line which goes on to Bishop's-road; but at Bishop's-road we join the Great Western Railway, and the portion from Bishop's-road to Westbourne-park is the Great Western line, over which we have running powers. Then from Westbourne-park to Hammersmith, and from Westbourne-park to a junction with the West London Railway, is the Hammersmith and City Railway, which is the joint property of the Great Western and Metropolitan Companies. So that, by means of these railways, you have a direct communication the whole way from Hammersmith to the City. Then you will see at Baker-street a line going northward; that is the St. John's Wood Railway, going to Swiss Cottage; that is coloured black, because it is not Metropolitan proper; it does not belong to us, but it is worked by us under an agreement which has still some years to run. Then if you take King's Cross station, we have there junctions with the Midland and the Great Northern Railways, and the trains of the Midland and Great Northern Railways run on separate lines which we have constructed to Moorgate-street in the City, and also to a junction with the London, Chatham, and Dover Railway at Farringdon-street. I think that it is desirable that I should show you exactly what our position is with regard to these lines, in order to let you know what we have done towards accommodating the traffic of the district.

Mr. *Samuda*—continued.

1167. Those lines which are coloured red are your own making, and those which are coloured black, and which you have referred to, are worked by you, although not of your own making?—Yes. You see, taking the question of omnibus competition, that we have the most severe possible competition at almost every station of the railway. If you begin at the City you will see that there is a direct omnibus route which takes, as it were, the chord of the arc along Oxford-street. You will see that there are omnibus services deviating up to King's Cross, again up Tottenham Court-road, again up Portland-road, again up Baker-street and up to the Swiss Cottage, and again along the Edgeware-road, and then parallel with our railway as far as Westbourne Park. Then you have the Piccadilly route of omnibuses, which compete directly with us for Hammersmith. In addition to that there is a line of omnibuses from Paddington which actually pass over our railway between Edgeware-road and King's Cross, and so on into the City. So that we have the most severe and virulent competition to face. With regard to tramways, there is only one point at which we are affected, and that is from King's Cross to the City. There are tramways from the Angel at Islington, going down close to the Bank to Moorgate-street, almost opposite to our Moorgate-street station, and of course the traffic going between our station and King's Cross and the Angel at Islington is affected by that competition. It is now attracted to the tramway instead of coming, as it used formerly to do, to our King's Cross station. That is the only tramway opposition which we have. We have not, of course, any river competition except to Hammersmith, but I do not think that that is worth mentioning. The next paragraph goes on to say: "The Metropolitan Railway Company was promoted when mileage and license duties were levied upon competitive omnibus traffic, and a capital of nearly 8,000,000 *l.* has been expended by the company in the belief that there would be an equality of taxation between them and their competitors." The meaning of that is this: that when the railway was first suggested and promoted, it was known that the principal competitors would be the omnibus companies, and that the revenue of the line would depend, of course, upon the fares which could be obtained from the public in the face of that competition. The effect of taking off the whole of the duties from the omnibuses, was to enable them, of course, to compete more successfully, as against us.

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Mr *Samuda*—continued.

us. A comparison of the operations of the Metropolitan Railway Company and of the London General Omnibus Company, in the year 1874, will illustrate the disadvantage under which the Metropolitan Railway Company suffers. The Metropolitan Railway Company carried 44,118,225 passengers, and their receipts were 392,070 *l.* 16 *s.* 2 *d.*, which is equal to 2·132 *d.* per head. The London General Omnibus Company carried 48,538,896 passengers, and their receipts were 538,456 *l.* 5 *s.* 10 *d.*, which is equal to 2·637 *d.* per head. I may say that in the year 1875, the figures were as follows: the number of passengers carried by the Metropolitan Railway had very considerably increased; the number of first-class passengers being 6,622,658; the number of second-class passengers being 9,707,936; and the number of third-class passengers, including workmen, that is to say, passengers by workmen's trains, 31,971,730.

1168. That makes about a total of 47,000,000 instead of about 44,000,000?—Quite so. The total number of passengers which was carried by the District Railway and ourselves, in that year, makes the large total of 75,000,000.

Sir *Harcout Johnstone.*

1169. Are your season tickets included in that?—Yes, as double journeys six days in a week.

Mr. *Samuda.*

1170. You reckon them as if the holders travelled every day?—Yes, and only once each day. The peculiarity of our line is, that season-ticket holders use their tickets so frequently; some passengers use them half a dozen times a day, and very few use them less than five times a week. The per-centages of classes in 1875 were as follows:—of first class, 13·71; of second class, 20·10; and of third class, 66·19. The per-centage of third-class passengers is higher in the last year than it has been before; in 1872 it was 64; in 1873 it was 64 again; in 1874 it was 64 again; and last year it was 66·19. "The remission of the mileage duty was equal in the case of the omnibus company for that year to 48,460 *l.*, and enabled them to pay a dividend of 8 per cent. on their ordinary stock."

1171. That means that in that year the tax upon omnibuses was entirely abolished, and that enabled them to retain in their receipts 48,000 *l.*, which they would otherwise have had to pay away in the shape of Government duty?—Quite so; and that represents a few hundred pounds more than the 8 per cent. that they paid; that is to say, they were enabled to pay their dividend, and they had a small surplus out of this 48,000 *l.*

1172. You said that taking off the omnibus duty enabled them to compete more successfully; but did the omnibuses, when the 48,000 *l.* was taken off, apply the whole 48,000 *l.* in the shape of dividend, or did they apply a large portion of it in the shape of reduction of fares?—They did not reduce their fares between distant points, but they established a new system with regard to what we call the picking up and setting down traffic; the intermediate traffic. They shortened their distances for that traffic and charged a twopenny fare, which enabled them to compete more successfully with us for the local traffic.

1173. Then what they did on that occasion, as far as short traffic was concerned, was to lower their rates; but as far as through traffic was concerned they kept them the same?—Yes, that is practically so; but there is one other feature which has operated against us and in their favour, and it is this. Of course one cannot object to the remission of tolls, but at that time the toll gates existed in the metropolis, and the General Omnibus Company paid a very large sum, about 19,000 *l.* a year in respect of those tolls.

1174. Then at the same time they made 48,000 *l.* by the reduction of the duty, and another sum of about 19,000 *l.* by the turnpikes being done away with?—Yes, 18,500 *l.*; so that looking at the accounts of the Omnibus Company (and I suppose they represent the general omnibus traffic of London), the proprietors would be working at an actual loss at the present moment if it had not been for the remission of the duty and the abolition of the tolls.

1175. What was the period when this change took place?—The abolition of the tolls was chiefly in 1864.

1176. Then up to 1864 they have been paying between 66,000 *l.* and 67,000 *l.* to the State, or to the country in the shape of Imperial and local taxation?—That is so.

1177. What was the amount that at that time you were paying to the Government in the shape of taxation?—I have not a statement of the duty paid year by year; but it would represent about the same per-centage that it does now upon our gross receipts. I am afraid, however, that that will not be much guide, because from time to time we have opened fresh sections of the railway. We paid in 1864, 3,742 *l.*; that was when we were only open from Farringdon-street to Bishop's-road. In 1875 we paid 11,644 *l.* Then I go on to say that, "in addition to the Government duty, the Metropolitan Railway Company have to pay a large sum annually for local rates, from which their competitors are almost exempt. They largely contribute to rates for the maintenance of roads which they do not use or damage, but which are much injured, and used free by their competitors." As an example of that, I may say that the whole of the New Road (the Marylebone and Euston Roads, as now called), under which our railway went, had to be repaved entirely by us with the best granite sets, at a very enormous cost; and we had not only to make that road, but we have now to pay rates on a very large assessment to the parishes for the maintenance of the road we made. In the year 1874 the Metropolitan Railway Company paid for local rates and taxes 16,842 *l.*, or equal to 4 *l.* 6 *s.* per cent. of the gross receipts. The London General Omnibus Company, in the same year, paid for local rates 2,899 *l.*, or equal to 10 *s.* 10 *d.* per cent. of the gross receipts.

1178. Is that the sum that they paid upon their stables, and things of that sort?—Yes; the Omnibus Company have not, as you know, to pay as railways have in respect of their earnings; they have simply to pay for the premises which they absolutely occupy, such as stables and warehouses, and so forth.

1179. Do not you pay upon the same principle, not upon your earnings, but on the occupation of the land through which you pass, and the value which that land is supposed to have?—The principle of railway rating is this: you create a railway under a road, and it is looked upon

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upon as an entirely new property, as it you made a cellar under it. The assessment is made upon a calculation as to what it would be worth while for a tenant working the railway to pay.

1180. I thought it was taken at what would be the estimated value of the land which you occupied, if occupied by another tenant?—No, the principle adopted in ascertaining the assessible value of the railway is this: you take the gross receipts, you deduct from them your working expenses, you deduct interest on capital for working stock, you are allowed also to take a certain amount for tenants' profits on working stock, and there are other deductions allowed also which have been settled by the courts; and after deducting the whole of those from the gross receipts, the remainder is supposed to represent the rent which a tenant would pay who worked the railway for a profit.

1181. So that it is really taking upon the earnings of the railway, and not upon the value of the land?—Quite so; the value of the land has no relation to it whatever. We of course have to maintain our road and the Omnibus Company have not. "In the same year (1874) the Railway Company paid for passenger duty and local rates, including charges for the maintenance of their railway, 13 *l.* 0 *s.* 5 *d.* out of each 100 *l.* of gross receipts; whilst the Omnibus Company, having no roadway to maintain, only paid, as before stated, 10 *s.* 10 *d.* for each 100 *l.*" Of course this is simply to show the disadvantages under which we labour as against untaxed competitors. "The Metropolitan Railway is essentially a working man's line; and although it would be difficult to increase the fares in the face of untaxed competition, it would be easy to reduce the amount of accommodation, and thereby economise expenses; therefore, if the tax is to remain, the working class, in the end, must practically bear the principal part of the burden." That was looked upon as a sort of threat, but it was never so intended. What I meant to intimate was this: that we have granted to the working men very great facilities, and have done a great deal more than we were compelled to do by Act of Parliament. We have done this partly, no doubt, in our own interest; but at the same time we have gone far beyond anything that would have been expected or required from us, and the question with us is this: if we are to have this tax continued to be imposed upon us, can we afford to continue those facilities? whereas if the tax is removed then we might see our way to even increasing the large facilities which we offer now. That is the whole case. Then there is a similar statement to that in Mr. Forbes's evidence comparing the taxation (that is, the duty) upon the Metropolitan receipts with the taxation upon the receipts of other companies. You have that before you already. "In the case of some railways it is possible to add the duty to the fare, and therefore to make the public pay it." As Mr. Forbes explains, it is impossible, on such small fares as we have, to charge any fraction of coin for the duty, but we do impose it when we can; we put it upon all our season tickets.

1182. Then do you wish the Committee to understand that the effect of that would be that, even if you got a remission of the taxes, you would not be able to alter your charge?—I do not think we should.

Mr. *Samuda*—continued.

1183. You would seek to give other conveniences, but so far as the actual fare went you would not be able to alter it, because the fraction of a penny would be too small?—I think so. By reason of the severe competition that we have to meet, we have to carry passengers at very low rates indeed. I made a calculation as to the rates at which we issue season tickets, and the charge per passenger per mile for travelling on some of our tickets is only a farthing a mile first class, and 3-16ths of a penny for second class. Some of them are more, but that is the extreme.

1184. That is taking them on the supposition that they travel six times a week, twice a day?—"In the case of the Metropolitan Line, the duty can hardly be added to the fare except in the way of reduced and ecomonised accommodation. Again, other railways derive their chief profits from the conveyance of goods and minerals, upon which there is no tax whatever. In the case of the Metropolitan the receipts are almost entirely derived from omnibus traffic which are liable to the duty. When the duty was first imposed it could never have been contemplated that it would apply to a line so exceptional as the Metropolitan, which has cost nearly 1,000,000 *l.* per mile, whilst the average cost of other railways is about 50,000 *l.* per mile. The inequality of the tax is illustrated by the following comparisons of the amount per cent. of duty paid by the undermentioned companies on the sums carried by them to net revenue account in the year 1874." Then I have appended the figures, the first column giving the per-centage of duty upon the sum carried to net revenue by the Metropolitan Company in that year, and the second column giving the per-centage on the gross receipt.

1185. What is the reason why the amount of duty paid by the Metropolitan would represent 2·73 per cent. upon the gross receipts, whilst that paid by the North Eastern, which is the lowest in the list, would represent only ·53 per cent.?—Because they derive, I think, the greatest part of their revenue from goods and minerals.

1186. Therefore they have a very small amount of passengers, and a still smaller amount of those who would have to pay duty?—Yes; I take it as the net revenue derived from all sources of traffic. The North Eastern deriving a very large portion of their income from minerals and goods, it follows that the per-centage of duty that they pay must be very small as compared with their gross receipts. You will see that whilst the sum which we pay for duty represents so high a per-centage as 4·32, other large companies who are not affected in the same way, and whose traffic is of an entirely different character, only pay, as in the case of the North Eastern, about one-half per cent.

1187. Why do you leave out the London and Brighton or the South Eastern, which I should conceive would be lines peculiarly suitable to compare with your own, inasmuch as their traffic is principally passenger traffic?—I do not know why, except that perhaps they do not show so favourably; but I should be happy to give them to the Committee.

1188. It is very curious that in the statement which was made by Mr. Forbes, he has left out those lines?—Mr. Forbes took the same railways that are mentioned in my circular.

1189. Those are, of course, the two railways which

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Mr. *Samuda*—continued.

which are the most peculiarly suitable for comparing with your own?—No, I think not.

1190. The South Eastern, the London and Brighton, and the London and South Western, are all left out?—Yes; but theirs is a passenger traffic of a very different order, as you are aware. I have compared it here with the Great Eastern, which is, to a great extent, third-class traffic, like our own. On the southern lines the greater part of the traffic is a first-class traffic: to Brighton, for instance, and the South Eastern to Dover, and so on. They have a larger proportion of traffic subject to duty than we have, simply because they are able to charge higher fares, and get more out of the public. Ours is what we call a poor man's line, a working man's line, and I compared it with the Great Eastern Railway for that reason.

1191. You would not apply that to the Great Western or the London and North Western?—No; I apply that to show the effect as regards passenger-carrying lines as compared with lines which derive their great receipt from goods and mineral traffic. It is simply to show that the incidence of the tax, taking it from the point of profit, is very unfair so far as we are concerned. Then I go on to say that, "In the year 1874 the Metropolitan Company carried 44,118,225 passengers, of which 63·91 per cent. were third class. The average receipts per passenger per mile of all classes is under 1 *d.* per mile" (it is the very smallest fraction under a penny a mile), "whilst the average receipt per mile of third-class passengers is only five-eighths of 1 *d.* per mile." That is all round, taking season tickets, as I have already stated, at six double journeys a week. "In addition to this the company run special trains for workmen at a charge of 2 *d.* for the double journey. In some cases this yields less than one-seventh of a penny per passenger per mile." Perhaps you would like me to inform you what obligations we have upon us, and what accommodation we grant in respect to those trains. In the original Act of the Metropolitan Company there was no obligation to run workmen's trains, but it was imposed when we went for the extension from Farringdon-street to Finsbury. It was then provided that the company should run one train up from the terminal station, which was then Bishop's-road, to the City in the morning, and one train down from the City at night. We had to run one train from Bishop's-road to Moorgate-street in the morning, and one train from Moorgate-street to Bishop's-road in the evening, at such times as should be settled, failing agreement, or on the complaint of any one, by the Board of Trade. But it was also provided that if not more than 100 passengers travelled by the train, the company should not be under the obligation to run it. Then in our Extension Act to Brompton (that is, our western extension), and also in the Tower-hill Extension Act it was provided that we should run one train in the same way from end to end of the railway, whatever sections were open, one train from terminus to terminus in the morning and one down from the City at night. In the Additional Powers Act of 1866, the limitation of compensation in case of injury from accident was made 100 *l.* in each case, and in case of difference, to be settled by the Board of Trade. We have only had one case of compensation under this clause, and in that case the company's views were upheld.

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When the railway was opened in 1864, soon after this Act was passed, we commenced to run these trains, one train in the morning, and one train at night; but representations were made to us that there were a large number of working men in the City who wished to go to their work in the suburbs, and so as we had to open our railway for the train up to the City in the morning, I thought we would try also the experiment of running a train down from the City in the morning also. These are the trains that we have put on in order to accommodate this traffic. Of the up trains in the morning, one starts from Bishop's-road at 5.45, and arrives at Bishopsgate at 6.8. The next is a train from Hammersmith, which starts at 5.50, and arrives at Bishopsgate at 6.30. I may say with regard to Hammersmith, that there is no obligation whatever upon us, or upon the Great Western Company (or the Hammersmith and City, as it then was, now the joint property of the two companies), to run any workmen's train whatever, as between the City and Hammersmith; but, again, representations were made to me that it would be a great convenience to the working men of that district if we would run a train; and so we run this train, charging 2 *d.* for the single journey, and 4 *d.* for the double journey.

1192. That is double your previous charge?—That is double our previous charge; they have to pass over the Metropolitan proper, over the Great Western, and over the Hammersmith and City lines; and we thought that for the increased distance, an increased fare should be paid. That train carries a good many working people from Hammersmith. In that case we have no limitation as to compensation in case of accident, so we thought that we must put something on even for the additional risk that we run. The next train is from South Kensington at 6 o'clock in the morning, arriving at Bishopsgate at 6.40. Then we run another train from Gloucester-road at 6.12, arriving at Bishopsgate at 6.50 Then we run one train round the entire circle from the Mansion House to Moorgate-street, starting at 6 o'clock from the Mansion House, and arriving at Bishopsgate at 7 o'clock. So that, so far as the morning trains are concerned, we are running at least three more trains than we are required to do by the Act, and we are running also a train from Hammersmith, which we are not required to do by the Act. Then we run trains from the City in the morning, as follows: From Bishopsgate at 5.50, arriving at Hammersmith at 6.30; and there is another train at 5.55, which goes round the Mansion House the other way, arriving there at 6.55. We have carried an enormous number of workmen by those trains, and it has been no doubt a very great advantage to them; such an advantage as they could not have obtained in any other way. We began in 1865 with a number of 537,418; and now we are carrying about 3,000,000 yearly. The total number carried since the opening of the line, may be taken at 18,000,000. With regard to the advantage of these trains to the working classes, I may say that I have had a calculation made as nearly as I can, of what the value to the working man is in the saving of time; and I find that taking the average rate of wages at 6 *d.* per hour, it would be about 40,000 *l.* a year, and taking it at 9 *d.*, it would be about 60,000 *l.*

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Mr. *Fenton.*

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Mr. *Samuda*—continued.

1193. Upon what basis do you arrive at that?—Upon the basis of the time that would actually be occupied in walking at the rate of four miles an hour, and of the time actually occupied in going by train.

1194. You practically, I suppose, make it half the time?—You make the saving of something like three-quarters of an hour; some of course are less, and some are more, and the saving on a long distance is very great, but that may be taken as an average. I had some correspondence with a Member of this House in reference to an application which was made by some workmen at Hammersmith in regard to the times of those trains, and the gentleman who represented the workmen, Mr. Lofting, states that the effect of being an hour later in the morning involves a loss to each man of 19 *l.* 8 *s.* 6 *d.* a year. I do not put it so high as that, but that is his calculation of the loss to each man that would be involved by starting a train an hour later in the morning. They state that it is not simply the loss of an hour, but that very often in some shops they lose a quarter of a day if they are not there in time. With regard to the contention of the Board of Trade, it only shows how unjust in our opinion this 5 per cent. passenger tax is. With regard to those workmen, we asked that the duty might be remitted upon them. Unfortunately we only allowed them to carry their tools; they are not men with luggage, and it was never intended that men of the class who travel with luggage should be carried at that cheap rate. We asked that the duty might be remitted, and we were told, "No; although you carry these people at only one-seventh of a penny per mile, we cannot remit the duty. And why? Because you do not allow the people to carry 56 lbs. of luggage, and because you do not allow them to carry children under three years of age free; and unless you comply strictly with the exact letter of the Act, you cannot have the remission of the duty."

1195. Did you comply with the other regulations or necessities of the Act?—We complied with every one.

1196. That is to say, you stop at every station?—We stop at every station, as all our trains do.

1197. Why did you not allow them to carry the 56 lbs. of luggage?—We made that regulation in order, as we thought, to prevent other persons than those for whom the train was intended travelling by it; but as soon as we discovered that, of course we removed the regulation, and we claimed the exemption and got it. But I only state that to show you how very strictly and exactly the Board of Inland Revenue adhered not to the spirit but to the exact letter. We started those trains at the hour fixed by the Board of Trade; the trains travelled at the average rate of speed of 12 miles an hour, and set down and picked up passengers at every station.

1198. Can you without disturbing your general information leave that point and tell us whether those trains are profitable to you or not?—They are not profitable, and for this reason, they compel us to open our railway, to bring on all our staff, and to light up all our stations before the ordinary hour. I cannot tell you what the cost of that would be, because it would be very difficult to ascertain, but the whole of the locomotive staff, the engineering staff, the station staff, and the lighting and everything has to begin an hour earlier. Although the receipt per mile is not a bad receipt, being equal to about 5 *s.*, when you come to set against that the cost of opening and lighting all our stations (because every station has to be lighted), and the cost of working, then there is no doubt that it involves a loss. But as we have to open our railways at this early hour, and as one train will not accommodate the whole of the passengers, I run the extra trains to meet the wants of those men. There is another thing, too, in which these trains operate in some measure as a loss and disadvantage to us, and it is this: we have very few hours for the maintenance and repair of our permanent way; it is chiefly, as you know, in tunnel, and, therefore, the hours for repairing and renewal are extremely limited, and one hour taken off five, as you can understand, enormously increases the cost. "The company convey underground what their untaxed competitors carry above ground, and they contend that they should at least be placed on an equality of taxation with them. The passenger duty tax is also unjust, inasmuch as it is upon gross receipts and not upon profits." There is a point here which was not in Mr. Forbes's statement; he did not adopt this with regard to the District Railway, but it is very important as showing the effect upon small proprietors. The Metropolitan proprietors of ordinary stock are chiefly small holders, and this tax presses most onerously and unfairly upon them. In the year 1874, it was equal to a charge of 4 *l.* 2 *s.* 11 *d.* per head; whilst the duty, the local rates, and the maintenance of their road (from which their competitors are exempted), amounted to 18 *l.* 16 *s.* 11 *d.*, and that, too, on an average dividend paid of only 40 *l.* 13 *s.* 9 *d.* per head."

1199. Will you explain that a little more in detail?—The dividend actually paid to each proprietor, large and small, in our railway was at the rate of 40 *l.* 13 *s.* 9 *d.* per head.

1200. Is that taking the average of the number of people without any reference to the quantity of stock?—Quite so; we have about 4,000 proprietors.

1201. How much per cent. is that equal to?—That is equal to about 4 per cent.

1202. That would be about 10,000 *l.* a piece?—Yes, no doubt; but then some of them are very large holders and some of them are very small.

1203. But your average would be 1,000 *l.*?—Yes; but for a small concern like the Metropolitan Company, where the capital is only 8,000,000 *l.*, the number of small proprietors is very large. Of course there are large holders; but taking the holders all round that is the result.

1204. Then it really means that for every 1,000 *l.* of stock they got 40 *l.* of dividend, and every 1,000 *l.* of stock had to pay 18 *l.* for what you call local rates and maintenance of road?—Yes.

1205. And every 1,000 *l.* of stock had to pay 4 *l.* for duty; is that so?—£. 4. 2 *s.* 11 *d.* per head.

1206. But can that be right; you only pay altogether 11,000 *l.* in duty?—Yes; but this is upon the net, and we pay duty upon the gross; that makes the difference.

1207. But still you only pay 11,000 *l.* in duty altogether, and you have 8,000,000 *l.* of capital; therefore you would pay about a quarter per cent. upon the gross take, would you not?—The duty

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Mr. *Samuda*—continued.

duty paid per head on the net revenue is 4·32 *l.* per cent. "Since the opening of the railway the company have paid no less a sum than 101,725 *l.* for passenger duty" (that is in 13 years); "and during the last five years it has been equal to an income tax of 2 *s.* 2 *d.* on each 1 *l.* of dividend paid to the holders of ordinary stock. The Metropolitan and St. John's Wood Company, to which the Metropolitan Company have subscribed a large amount of capital, has contributed 4,591 *l.* to the Exchequer, although no dividends have been paid on the ordinary shares, and only about 2 per cent. on the 5 per cent. preference shares."

Sir *Harcourt Johnstone.*

1208. What would that 4,591 *l.* represent as per-centage upon the capital expended on the making of that line?—The capital expended on the making the line was about 637,000 *l.*; the authorised capital is of course more.

1209. Is it a joint line?—The Metropolitan Company subscribed 100,000 *l.* of preference stock to it.

1210. Over how many years since the opening of the line is that 4,591 *l.* spread?—About seven years; it was opened in April 1868. With regard to the St. John's Wood line, I may say that it is worked by the Metropolitan Company under an arrangement. We undertook to work it at 50 per cent. of the gross receipts, and to allow a rebate also; but even working it on those favourable terms, and allowing a rebate also, they have not been able to pay a dividend on the ordinary shares. It is worked by us, I regret to say, at a cost of something less than 75 per cent. of the gross receipts, and we lose, I should think, 4,000 *l.* or 5,000 *l.* a year on that portion of the line; but we are bound to work it under this agreement, and of course until that expires we are subject to the loss. On the other hand, of course it is, to a certain extent, a feeder to our system; if it were not for that it would be an absolute loss. The next paragraph is, "Railway proprietors appear to be dealt with by the Legislature in an entirely different manner to all other members of the community; the doctrine propounded being, that they should not be relieved from this exceptional taxation without giving them an equivalent in some other form. When the proprietors of other modes of conveyance were relieved from duty no conditions of any kind were imposed upon them;" that is the fact. I do not know whether you would care for me to go into the subject. The companies who are said to have, and really have, a monoply, are not taxed. That is the case of gas companies, water companies, dock companies, and others, who have special powers given to them, who are, to some extent, in a similar position to railway companies, except that they have a monoply which railway companies, or at any rate urban and suburban railway companies, have not, and whose tolls are settled by Act of Parliament. So far as the gas companies are concerned, they are not allowed to pay a higher dividend than 10 per cent., but they have no duty whatever imposed upon them.

1211. I think that they have very special duties imposed upon them. They first have their dividend limited, and then in addition to that, when they have accepted a great deal lower dividend than they had previously the power to take,

Sir *Harcourt Johnstone*—continued.

they have to make a reduction to the public for each increase that they are able to make?—Yes; they have a sliding scale, as I understand, but they are not allowed to pay a higher dividend than 10 per cent.

1212. But that is very old legislation, and in all the recent legislation they are limited to raising their capital very materially below 10 per cent., are they not?—Yes; but was not the provision also with regard to railways a very old one.

1213. I do not know that the cases are identical, but they are similar?—They are similar.

1214. You say that you are asked to give some equivalent in exchange for a deduction of the duty; what equivalent have you had asked from you in exchange for this reduction of duty?—I think that it has been suggested (I do not say whether it is inside the House or outside the House) that railway companies should not be relieved from this onerous obligation or tax unless some equivalent was given in the shape of increased accommodation. Sir Stafford Northcote, when a deputation went before him, said that he thought that it was a question which ought to be considered as to what the companies could suggest in the way of equivalent in the shape of increased accommodation. With regard to our special, peculiar, and I may say, very exceptional case, we have done everything that it was possible for us to do. We have adopted every known improvement; the locking system, the block system, the telegraph system, the best machinery of all kinds, the heaviest rails, the most permanent material, every requirement of the Board of Trade, continuous brakes, and so on; we carry workmen cheaper than any other mode of conveyance; we do very much more in running workmen's trains, as I have shown you, than we are required to do; and we ask why should we be called upon to give an equivalent for the removal of an injustice.

1215. But what is the grievance that you ask to be relieved from, and what led to your being asked what equivalent you were prepared to offer if the tax were removed?—I am sorry that I mentioned the word "equivalent," I go for the total abolition of this impost. I say that it is specially unfair and unjust under our peculiar circumstances, and I ask for an absolute remission of the duty.

Mr. *Macdonald.*

1216. When was your railway opened?—On the 10th of January 1863.

1217. I think you have stated that when you opened your railway an opinion prevailed that there would be a remission, or something to that effect, of the railway passenger duty?—No, I did not put it in that way. What I said was that we were then on equality with our competitors. We did not expect at that time any remission, and we did not ask for it at that time; but what we ask now is this: that seeing that our competitors have since that time been relieved entirely from taxation, we say that we in justice ought to be relieved also. We do not go farther than that.

1218. But have your competitors the same special privileges and powers that you have granted to you by the State?—Their privileges and powers are very different to ours; they have privileges and powers that we have not. For instance,

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Mr. *Kenton.*

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Mr. *Macdonald*—continued.

stance, they have the privilege of using the public roads free of cost, whereas we have had to make our railway at a cost of a million a mile. We have this obligation put upon us also: omnibuses can charge what fares they please, but we are restricted to certain maximum fares. We are bound also to run those workmen's trains, whereas there is no such obligation upon our competitors. There is another thing also which presses very heavily upon us as against our competitors, and that is what we call the farthing clause, or the half-mile clause. Under that clause the provision is, that unless you carry a man for half a mile, after the first mile you cannot charge him anything for it; and if you carry him three-quarters of a mile you can only charge him a halfpenny. The effect is this: that if you carry a man a mile and 39 chains, you have to carry him and his luggage, and as many children under three years old as he chooses to bring, for one penny, on a line which cost a million a mile. We think that that is a condition of things which could never have been contemplated on a line like the Metropolitan line, and it is those things which press most heavily upon us.

1219. You say that you have gone beyond your interest in putting on trains for the purpose of accommodating the public?—Yes.

1220. Is not your line at the present moment merely a developing line?—We have very considerably developed. I may say, as giving an illustration of what we are doing to accommodate the traffic, that we are running something like a thousand trains a day, and that, I think, is a very large development of traffic. But, as the country progresses, and as its population increases, we hope to get our share.

1221. In the initiatory process of all undertakings I suppose it is quite common that they may lose a little in order that they may gain at the end of their journey; they are not all paying in the first instance, are they?—They do not all pay in the initiatory stage; but what we say is this, that there is no reason why we should have this impost put upon us, and why we should be to that extent prevented from deriving a profit on our outlay.

1222. Do some of the Metropolitan trains run from Liverpool-street to Hammersmith over a portion of the Great Western Railway, and *vice versâ*?—Yes, I explained that, I think.

1223. Do not some of the trains run also to the Mansion House, and *vice versâ*?—Yes.

1224. Is there not a limitation at the Metropolitan stations of the issue of Parliamentary tickets, so that there may not be more than one or two Parliamentary tickets at the outside?—That is so; we have been obliged to limit the issue to meet the accommodation, and to comply exactly with the letter of the Act of Parliament.

1225. Will you inform us whether the Great Western Company conduct the issue of tickets between Hammersmith and Bishop's-road and intermediate stations to Liverpool-street, and whether there is any restriction on the issue of Parliamentary tickets at stations under the control of the Great Western Company?—I cannot speak as regards the stations of the Great Western Company.

1226. Was an information filed in the Court of Exchequer against the Metropolitan Company in 1872 or 1873 for the recovery of duty alleged by the Attorney General to be owing from the company to the Crown?—Yes; I can give you the exact date with reference to that matter; the first information was filed on the 4th of June 1870, to which we then filed an answer. The amended information was filed by the Inland Revenue on the 4th of December 1871. We answered that, and then the action dropped, and after that the Board of Inland Revenue brought an action against the North London Railway Company, which ended in the decision which has been so frequently mentioned in this room.

1227. Under what circumstances was the litigation given up?—That I cannot answer; the Board of Inland Revenue must be asked why.

1228. Was there no agreement between you and the Board of Inland Revenue in reference to the giving up of this litigation?—None.

1229. Are you quite sure of that?—Quite sure, at that time.

1230. Were there no negotiations whatever?—None whatever until after the decision of the courts.

1231. I think you heard it stated that the present tax was a premium on false statements, false declarations, and evasions of payment?—I heard some statement to that effect.

1232. Is that your opinion?—I can only answer with regard to my own special case. The case of the Metropolitan Company is rather an exceptional one, and therefore I had rather not speak with regard to any difficulties which might arise with the larger companies. So far as we are concerned we have no difficulty whatever, nor has there ever been, nor would there be, any evasion. In point of fact, it would be impossible for us to evade, or to attempt to evade, the proper investigation of the accounts and the proper preparation of the returns to the Inland Revenue. They are regularly examined. An officer of the Inland Revenue comes, and has perfectly free access to all the books and to all the accounts; and there never has been any difference between us and the Inland Revenue upon the accounts themselves.

1233. You do not keep a set of books to show to the Inland Revenue officer who may come to visit your offices, for the purpose of getting up a statement about the accounts?—We should not think of doing such a thing. It is a suggestion which has never occurred to mind at all before. He checks the actual returns which come from the stations themselves; they are placed before him, and there is no *suppressio veri* on our part at all. He has the most perfect access to every document about the place that he requires.

1234. Do you make affidavits as to the correctness of the accounts?—Our accountant makes an affidavit every month. With regard to a question which you asked a former witness, as to the mode of making the payments, I may say that the payments are made in this way: for instance, the accounts for duty due in January are made up in February, and a cheque is sent to the Inland Revenue in March; the February account is paid in April, and the March account will be paid next week. That has prevailed ever since I have been associated with the concern.

1235. So far as you are concerned at least, there is no foundation for the charge of false declarations and evasions of payments?—No, I hope not.

1236. Who

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Mr. *Macdonald*—continued.

1236. Who is the gentleman who visits your office?—Mr. Rickman.

1237. Has Mr. Rickman visited your office this year as well as last year?—Yes; he very frequently comes.

1238. And he has full access to every document?—Full access.

1239. And you make no declaration but what your books contain?—It is for the Inland Revenue to check it themselves. We make the fullest declaration, and the accountant makes an affidavit. I do not suppose that he would feel disposed to commit perjury.

1240. There is one point as to which I did not clearly understand you, and I should like to have an explanation, if you please, and that is with regard to the compensation of 100 *l.*?—I will explain exactly what that is. In consideration of our carrying these workmen at 1 *d.* for the whole of the length of our railway, or between any stations; that is to say, for seven miles or one mile, or eight miles, the compensation in case of accident is limited to 100 *l.* in each case.

1241. Is that by special statute?—That is by special statute. I mentioned that, I think, when I stated the conditions which are imposed upon us, and which we have to fulfil.

1242. You stated what seemed very remarkable; you stated that you had only one case?—There is only one case within my recollection in which there has been a reference at all to the Board of Trade, and that was the only case of alleged accident since the opening of the railway. I do not remember a single case of an accident arising from a workmen's train; so that, happily, we have carried them perfectly free from bodily harm.

1243. You said that your costs were increased by your opening your railway earlier in the morning for the workmen's trains; in what respect is the cost increased?—The cost is increased in several ways. All the men have to come on duty earlier; for instance, the enginemen and the firemen are paid so much an hour; our works have to be opened, and all the whole place has to be lighted up; all our stations have to be lighted up; and all our station staff have to be on duty as early as 5 o'clock in the morning. It is these additional costs which make the workmen's trains so expensive.

1244. Is not the principal portion of your work, other than that of your engineers, day work and not piece work?—Certainly, they are paid by the week.

1245. And therefore, unless in the exceptional case of the engineers, the increase of payment does not apply?—Of course the rate of wages depends entirely upon the nature of the duties, and the number of hours which the men have to work. Take the instance of signalmen; by reason of opening the line earlier, we are obliged to employ three sets of signalmen instead of two; we have one extra set of signalmen who are solely brought on by our having to open the line so much earlier; whereas under ordinary circumstance two would suffice.

Mr. *Samuda*.

1246. I suppose that the same would apply, for instance, to the ticket takers; you could not keep them on duty from 5 o'clock in the morning until 5 o'clock at night?—No, we have two sets of ordinary men. Of course the wages are measured by the work that has to be performed; you cannot get a man to come at 4 or 5 o'clock in the morning at the same price as if he came on duty later.

Mr. *Samuda*—continued.

Mr. *Fenton*.

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Mr. *Macdonald*.

1247. Are your wages higher than those on other railways outside of London?—Yes, we have to employ the most skilled men, and it is a peculiar work. You require the most perfect arrangements and the most perfect machinery to work a thousand trains a day over a line like ours.

1248. You have heard it stated that there was no monopoly in connection with the railway system; is it your opinion that there is no monopoly in connection with the railway system?—So far as we are concerned there is no monopoly whatever; there is no reason why another company should not come to-morrow and ask Parliament for powers to put a railway alongside of ours. There was a scheme from the extreme west to the extreme east of our railway through Oxford-street. Then there was another scheme (*describing it to the Committee*).

Mr. *Ashley*.

1249. Do you deduct the railway passenger duty before you send in your income-tax returns?—Yes, we pay income-tax, of course, upon the net results.

1250. You and other gentlemen talk of this tax as a tax upon locomotion; but take the brewer's licence tax; do you call that a tax upon drinking?—I know so little about the brewer's tax that I should be scarcely prepard to answer the question.

1251. A certain class is taxed whose business is to provide drink, and here a certain class is taxed whose business it is to provide locomotion?—If you tax the brewer of porter, you must also tax the brewer of ale; but if you relieve the brewer of porter from the tax, you ought to relieve the brewer of ale from the tax also. That is our case.

1252. You would hardly call this a tax upon locomotion, but a tax upon a man whose business is to provide means of locomotion?—Our argument is that our competitors are wholly free, whereas we have this tax upon us.

1253. It is not a tax upon individual journeys, but upon receipts, is it not?—It comes to the same thing; it comes really to a tax upon individual journeys.

1254. How was the tax upon omnibuses levied before they were relieved from it?—It was levied at a penny a mile.

1255. So that that would be more in the nature of a tax upon locomotion than yours?—Their tax was an exceedingly onerous one, as is seen by the fact that, by the remission of the tax alone, they are able to pay eight per cent.

1256. Do you not make any distinction between a tax per mile, and a tax upon receipts?—In whatever form it is made it comes to the same thing; it is a tax for the conveyance of passengers, and therefore it is a tax upon locomotion in whatever form it is levied.

1257. But I think you will agree with me, that when you call it a tax upon a thing, you mean that it is a tax which has a tendency to check the development of that thing?—Yes.

1258. A tax upon locomotion therefore, in the common use of the word, would be a tax that

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Mr. *Fenton.*

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Mr. *Ashley*—continued.

tended to check locomotion, would it not?—Yes.

1259. Do you consider that this tax of five per cent. upon the net profits of railway companies has a tendency to check locomotion?—I do. For instance, with regard to this impost upon season tickets, it checks the issue of season tickets. The effect of taking off the duty would be that I should at once take the duty off season tickets, and that would make them more popular, and extend the issue of them; and that is a very important matter in a traffic like ours, because one of our great difficulties, as Mr. Forbes explained, is the access to the booking office and the taking of tickets. It is a great nuisance to passengers to have to wait for tickets, whereas a man with a season ticket passes through, and has no trouble at all.

1260. Then your opinion would be, that if you could extend the facilities for giving season tickets, the actual number of persons travelling would be increased?—I think so; I think that whenever you remove a penalty of that kind the public will appreciate it, and take advantage of it. Our case, of course, is an exceptional one. There are some railway companies who have the power to charge the tax, and do charge the tax; but in our case we have no option, and we cannot do it except in the case of season tickets.

Mr. *Leighton.*

1261. I think you said that the early trains were not profitable?—Yes.

1262. Those are the trains that you have to run by your Act of Parliament, are they not?—Not all of them; we are only obliged by Act of Parliament to run one train up in the morning, and one train down in the evening.

1263. Those are the trains which are not profitable?—They are the trains which are not profitable; the early train has not to run before six.

1264. Those trains are not affected by the Railway Passenger Duty, are they; the Acts which give you the exemption do not affect those trains?—No, we claim, and are allowed the duty, as I explained.

1265. I do not make myself understood. Are the unprofitable trains which you run those which you are obliged to run by the Act which enabled you to make the railway?—One train is sufficient to comply with that Act.

1266. They are not trains which you run in order to obtain the remission of duty?—No.

1267. You find it profitable to run a certain number of trains stopping at each station, and so on, which come under the obligation, in order to obtain the remission of duty?—All our trains run in accordance with the terms of the Act of Parliament under which the exemption was allowed.

1268. Are the trains on which you obtained the remission of duty profitable trains?—We obtain remission of duty on all the trains which we run.

1269. You get an additional advantage; you get the advantage of the remission upon those trains, apart from the trains which by Act of Parliament you are obliged to run?—Yes.

Mr. *Samuda.*

1270. I think you said that you were not obliged to run those trains, but only to run one train, but that you found it advantageous, by reason of the number of workmen who wanted to use them, to run several of those trains; and

Mr. *Samuda*—continued.

then you were not allowed by the Government the duty upon those trains, as you thought they ought to be, and then you made the alterations by which you let the people have the opportunity of carrying their luggage, and by that means you obtained the remission of the duty on those trains; is that so?—That is so.

1271. So that, in fact, all those trains to which you are referring, come among the trains which are exempted from duty?—All of them.

Mr. *Leighton.*

1272. Do you find that the obligation of stopping at every station hinders the management of your line?—Upon a line like ours it is almost a necessity.

1273. Therefore the obligation ceases to be an injury to you?—There is no injury to us with regard to that. I may say that in the early days of the railway we used, at certain times of the day, to run what we called semi-express trains, that is to say, trains not stopping at some stations; but one result was that, by ceasing to stop, we invalidated those trains, and not those trains only, but the whole service, so far as the remission of the duty was concerned.

1274. From something you have said you seem to lay stress upon the advantage which you give to the working man; do you think that there should be in principle a distinction between one class and another; ought not the working man to be considered as a part of the public?—Quite so; I think that every class ought to have its proper accommodation, and to be properly considered.

1275. Do you think that one class ought to be considered by the Legislature differently from another and apart from the public?—The idea of the establishment of these trains was this: it was thought that the construction of the works in the city would destroy the dwellings of a great many of the lowest class of labourers, and that it would be an advantage to those men if they could go out into the country, where they could get better rooms and better houses at lower rents, and so to compensate what they thought was a destruction of property, they imposed upon the companies the running of these trains.

1276. But the working men are now your chief customers, are they not?—Yes, they are the largest number.

1277. And they can pay for themselves?—They do pay for themselves.

1278. Are they not able to pay for themselves without any interference of the Legislature on their behalf?—Quite so. I may say, with regard to these workmen's trains, that they are used now by a class of people for whom, I venture to think, it was never intended that they should be provided, such as superior mechanics, warehousemen, and men of that kind. My idea is that those trains were put on for the poorest class of day labourers, and not for the skilled artisans.

1279. I think you made out a little sum, by which you told us that you had put something like 40,000 *l.* into the pockets of the working men; do you think the working men have given that to the publican?—That is a social question which I cannot go into; but that sum of 40,000 *l.* or 60,000 *l.* represents, by a small and indeed infinitesimal proportion, the advantages which we have given to the working classes.

1280. Another argument which you have placed

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Mr. *Leighton*—continued.

placed upon this paper is drawn from the fact that the owners of some of the Metropolitan stock are small owners; do you think that small owners of railway stock ought to be treated in a different way from large owners?—No, not at all.

1281. Then you withdraw that argument which is printed here in favour of the small owners?—The only argument is this: that of course the rich can better afford to bear the tax than the poor. It is just the same with the income tax, the poorer classes are exempt, whereas the rich have to pay.

1282. There is another argument taken from the hardship that you are under by paying the local rates for the roads; but I presume that the roads are of some use to you?—They are of some use to us, inasmuch as we could not have passengers coming to our stations without them; but we do not destroy the roads at all in any way; on the contrary, we enormously relieve the roads by the construction of our railway.

1283. But the roads are of use to, are they not?—Yes, no doubt; they are feeders to our railway.

1284. One word about the omnibus traffic; you say that the omnibus people altered their fares and took smaller fares for short distances, and that that is the only alteration they made after the duty was taken off; could they not have done that anyhow?—They said that they could afford to try the experiment when the tax was taken off.

1285. It was not an unprofitable experiment, certainly?—They were not prepared to make the experiment, I believe, until they were placed in a position in which they thought they could afford to test it. But the Omnibus Company are in this position: they have this advantage over us; that for short distances their lowest fare is 2 *d.*, except in one instance, I think, and that is from London-bridge to the Bank; whereas we are obliged to carry a man for 1 *d.*

1286. Of course that gives an advantage to you, because more people come to you than would go to the omnibuses?—I do not know that it is an advantage to carry a man for 1 *d.* upon a line constructed at enormous cost.

1287. At all events it drives more people towards you than go to the omnibuses, does it not?—There is no doubt that the working classes are always anxious to save their money, and they would come to us; but we are under this disadvantage with regard to the omnibuses: take the case of the New-road; there is an omnibus in the road, and a man can jump into it at once and get to his destination without having to book and wait for a train.

1288. That of course he could do before the duty was taken off the omnibuses?—Quite so.

1289. Then the duty being taken off the omnibuses has done them good, but has not done you any harm, I presume?—I think it has, because it has enabled them to compete more successfully for the intermediate traffic, which is a very important traffic.

Mr. *Bruce*.

1290. I wish to ask you the exact effect of the Act which prevents your charging for less than half a mile; it places you in this position, does it not, that you can only charge 1 *d.* for any distance under a mile and a half?—One penny for a mile and 39 chains, if it is a yard short of half a mile we can only charge a penny.

Mr. *Bruce*—continued.

1291. And you can charge 1½ *d.* up to a yard short of two miles?—We can.

1292. And then 2 *d.* beyond that, and so on?—Yes; so that the effect is that we have to carry a man 39 chains for nothing.

1293. When was that Act passed?—In 1858.

1294. It was an old Act?—It was an old Act.

1295. With regard to your trains which claim remission of the duty you must conform to that Act, I suppose?—Yes; the orignial Act of the Metropolitan Company is prior to that; 1854.

1296. When the Act was passed that condition was not in existence, was it?—No; the railway was not open, and we had not considered the question. It is only by experience that we have discovered how very seriously it affects us.

1297. Does that Act apply to all your trains or only to the trains for which you claim exemption from the duty?—It applies to all the trains.

1298. What are your maximum fares?—Our maximum fares from end to end are 8 *d.* first class, 6 *d.* second class, and 4 *d.* third class; that is for single journies; and they are 1 *s.* first-class return, 9 *d.* second-class return, and 6 *d.* third-class return; but our maximum tolls are very much higher.

1299. But your Parliamentary fares are not mileage fares?—Not at all; they have unfortunately to be adapted to the serious competition between all points. The Parliamentary fares are fixed according to the peculiar circumstances of each case.

1300. You said that you ran now several workmen's trains instead of one, as you are bound to do by the Act; did you find when you ran only one train that the accommodation was not sufficient for the people who applied for it?—The accommodation was not sufficient for the people coming out of the City in the morning. If we had complied strictly with the Act the result would have been of course that we should have had to refuse issuing any more tickets than the train would have taken.

1301. And that would have been, I presume, a very great inconvenience to the men who relied upon that train?—No doubt; it was almost irresistible; I could not prevent their coming.

1302. Has there been a considerable development of houses for men of that class on your line since it was opened?—Yes, there has been very considerable on the Hammersmith Railway. On the Hammersmith line, as I have already stated, we are not under any obligation to run workmen's trains; but we do run them.

1303. And those houses were built, I suppose, upon the assumption that this system would continue?—I have no doubt that they were. There is one very signal advantage that we have given them, and that is that we give them the option of returning by any train during the day after 12 o'clock; that is an enormous advantage to them, because they can get home at any time they please instead of having to wait about as they would do if they were restricted to one particular hour for the return journey.

1304. The houses were not built under any agreement to continue that accommodation, were they?—No; we have no such agreement.

1305. I believe such agreements have existed?—Such

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Mr. *Fenton.*

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Mr. *Bruce*—continued.

—Such agreements have existed; it is quite a common thing.

1306. In your experience as a railway manager, have you found that when you have given certain accommodation to a class of traffic, it is excessively difficult to withdraw it?—There is no doubt that it is almost impossible to withdraw it.

1307. So that the obligation imposed upon you to run this one workmen's train has practically compelled you to extend the accommodation considerably beyond the actual words of the obligation?—It is so, and we have extended it, and we felt that the circumstances demanded that we should do so; but if we are to be held strictly to the letter of the law as the Inland Revenue desire us to be held strictly to the letter of the law, we should only carry so many as would go by the one train. We have not stretched the law against the working men as the Inland Revenue have against us.

Sir *Harcourt Johnstone.*

1308. Can you tell me as a matter of information what is the cost of maintaining your permanent way per mile?—It is very heavy on our line as you may imagine. The cost in the half year ending 31st December for permanent way, works, and stations was 11,289 *l.* on eight miles. I do not think that there is any previous example of such a cost. Of course it is measured as you know by the number of miles the trains run; that is the true test.

Mr. *Bruce.*

1309. What you gave us was the actual figure for the actual miles?—Yes.

Mr. *Samuda.*

1310. That is about 1,500 *l.* a mile?—Yes, for that half year.

Sir *Harcourt Johnstone.*

1311. Take for, instance, the Midland Company; can you tell me what the cost of maintenance is in that case?—I have not got the figures, and I should not like to speak without book; but the average used to be from 200 *l.* to 250 *l.* a mile. When I was with the Lancashire and Yorkshire Railway Company we used to consider 250 *l.* per mile per annum as an excessive sum.

1312. Of course every facility that you give adds enormously to the wear and tear?—No doubt; and the expense that we are put to in modern improvements is enormous. We have among other things continuous breaks, and the block system, which is a most extravagant and expensive system to maintain.

1313. And you are subject to special disadvantages, because you have to do the work of repairs in the interval between the cessation of the running of your trains at night and their beginning the next morning?—Yes, nearly the whole of the line is in tunnel, and the trains are running at frequent intervals till nearly one o'clock in the morning, so that the whole of the relaying has to be done in about three hours, and we have to pay extravagantly high rates for the work done.

1314. And you are specially handicapped in that respect, because you have to employ men under peculiar circumstances?—Yes; and we have to pay them specially high rates for the work.

Sir *Harcourt Johnstone*—continued.

1315. There is an additional injustice in this tax, is there not, if it is to be continued to be levied on the gross receipts. Is it not the fact that the working expenses on your line as on other lines have materially increased within the last four or five years?—Very largely, indeed. The cost of iron and steel is a little less at this moment than it was some time since, but the whole cost of working has increased; wages have gone up, and the modern improvements and the block system and all those things cost a great deal of money.

Mr. *Macdonald.*

1316. Is not the cost of iron and steel less than it was in 1869?—Yes; but other items of expense have gone up.

Sir *Harcourt Johnstone.*

1317. What are your working expenses?—About 40 per cent. on our gross receipts all round; but that is not a fair way of taking it, for this reason: that a very large proportion of our traffic is traffic upon which we receive toll, not working it ourselves, but it is worked by other companies over our railway, and therefore the expense of locomotives, and so on, as regards that traffic, does not come into our return. We are put to great extra expense, because we get very short mileage out of our engines; and then we light all our trains with gas, and we have to make special provisions for brake power. I should take it that the ordinary expense of working the line is about 45 *l.* to 47 *l.* per cent. of the gross receipts.

1318. That has not diminished since 1870?—No.

1319. Has it increased 10 per cent.?—I could not give you the exact figures.

1320. Of course you have been subject to the increased cost of labour and of materials?—Yes; iron is the only thing that has not gone up.

1321. You have not had a wholesale strike on your line like we had once, when every engineer gave warning at six hours' notice?—No; there is only one advantage that our men have, and that is, that the work is regular and constant.

Mr. Serjeant *Spinks.*

1322. I think you said that at one time you ran express trains on your line?—Semi-express trains.

1323. Did I correctly understand you to say that you dropped them on account of the difficulty of stopping at the stations?—No, we dropped them for several reasons; but one reason was that the running of those trains not stopping at the intermediate stations, invalidated our claim to remission of duty on the whole of our traffic.

1324. Supposing that the law were altered so that you could obtain this exemption without stopping at the stations, would you resume the running of express trains?—We could do so at certain hours of the day. We have not considered the question, and I do not know what my directors would think about it; but it could be done.

1325. If you did so, would it not be a great convenience to many parties?—No doubt, because for

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Mr. Serjeant *Spinks*—continued.

for the long distances you would get the people into the City early.

1326. I understand that generally speaking, this recent decision of the courts has not much affected your line?—Not very greatly, because we have always claimed and secured exemption on traffic at and under 1 *d.* a mile.

1327. Supposing that you were not burdened with this necessity of stopping at the stations, do you think that you could frame your time-tables more conveniently than you do now?—I think we might do so on the Hammersmith line.

1328. The evidence that you have given almost entirely relates to your own line, does it not?—Yes.

1329. Have you considered the general question at all of railway duty?—Yes, I have considered the general question, but I suppose a great many eminent railway gentlemen will be before you in connection with long lines, and perhaps they will be better able to give an opinion upon it than I can.

1330. As regards experience, that may be so; but, I think, in point of theoretical knowledge you stand rather high, do you not, in the railway world?—You are good enough to say so.

1331. Can you give the Committee any idea as to what, if a certain sum of money must be raised by taxation on railways, would be the best mode of raising it?—No, I cannot; I have been looking forward to the total abolition of the tax, and not to any continuance of it.

1332. I may assume, may I not, that you are against any taxation upon the carriage of goods?—That also is a question that is open to discussion, and upon which Mr. Forbes is a better authority than I am; but I confess, looking at it from a purely metropolitan point of view, that I do not see why, if there is to be any tax at all upon profits, the tax should be levied upon profits from passengers, and not upon other sources of revenue. But it is a wide question, and I am not able to express a positive opinion upon it.

1333. There have been some questions asked about competition; have you any stations to which there is no competition, or no substantial competition?—Not one; we have competition at every station on the line, and most severe competition too.

Mr. *M'Lagan.*

1334. The honourable Member for Stafford put a question to you as to whether there was any limit to the issue of Parliamentary tickets, and you said that there was some limit, and that that limit was quite in conformity with the Act; will you show me in what respect that is so?—We contend that the Act requires that we should carry some class of passengers between all stations at or under 1 *d.* a mile, and so we do; we comply with the letter of the Act; we carry more in that way than we should if we limited it simply to the one train a day prescribed by the Act.

1335. And you only limit that number of tickets?—We only limit that number of tickets.

1336. What is the number of tickets that you issue?—The total number that we could issue under this plan would be 112,800 per day.

Mr. *Macdonald.*

1337. Is it not the fact that since the opening of your railway, the price of coal, iron, and steel is less than half the price at which they were in 1869?—Not as regards coal. We have to consume a peculiar quality of coal, the smokeless coal, the South Wales coal.

1338. Then what is the difference of price now?—I think it has been up as high as 30*s.* per ton, and I think it is now about 21*s.*

1339. Delivered here?—Delivered here.

Mr. *Samuda.*

1340. The whole object you have is to get an abolition of this duty?—Yes.

1341. And the abolition of the duty *in toto* on your line would come to 11,000*l.*, would it not?—Quite so.

1342. If the abolition of the duty could not be obtained for fiscal reasons, would it not go a great way towards giving what you require if you were left perfectly free to make all your arrangements, with reference to your passengers, by paying that same sum of money, and not having to account for or obtain it by reason of the particular class of passengers, and the particular way in which you carried them?—There is no doubt that if the duty were maintained it would be a great thing for us to have perfect freedom of action, and then we could make our arrangements more consistent with the public convenience, and so forth; but I cannot imagine that such a state of things as now exists will be maintained.

1343. Supposing that such a state of things did exist, you would have a considerable advantage, would you not, from having to pay a commuted sum, which would be exactly the same sum that you are paying now; and being left free, except with regard to the obligation under which you are at present of running one train a day at least at a penny a mile, to do whatever you liked during the whole of the rest of the day?—There is no doubt that it would be so. There was one suggestion, I think, from an honourable Member as to whether 3 per cent. upon the net receipts would not meet the case; in our case it would involve a very much larger payment than we make now.

1344. The payment which you make now is about one-eighth per cent. upon your capital, is it not?—Yes.

1345. And the amount which you pay upon your gross receipts is 2·73 cent., is it not?—Yes.

1346. What would that come to upon your net receipts?—4·32.

Mr. *Leighton.*

1347. Supposing that you have to pay 10,000*l.* or 11,000*l.* now, if it was arranged on your net receipts, it would be a larger per-centage upon your net receipts or a smaller per-centage upon your gross receipts, would it not?—If it was fortunately left in existence, it would not much matter how it was levied.

1348. I thought you said, in answer to the honourable Member for the Tower Hamlets, that it would make some difference with regard to whether it was levied upon net and gross receipts?—I said that if 3 per cent. were levied on our net receipts, it would place us in an infinitely worse position than we are in now.

Mr. *Samuda.*

1349. If any per-centage were levied upon your net receipts, all your future prosperity would have to bear an increased amount of taxation, but if it were levied by commutation upon that which

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Mr. *Fenton.*

5 May 1876.

Mr. *Samuda*—continued.

has existed up to the present time, all your increased prosperity would go into your own pockets, would it not?—If it were levied on our net receipts now, we should have to pay some thousands of pounds more than we have hitherto paid, and as we increased our receipts, so that increase would operate.

1350. Therefore all your increased prosperity would go by adding to the amount that you would have to pay to the Government; but if it were found impossible to do away with the tax, and the tax were made permanent at its present amount, and you had it commuted by what you actually produced last year, all your future prosperity would go into your own pockets?—Yes.

Mr. *Bruce.*

1351. It was mentioned by Sir William Stephenson that the buying of a duty on the net receipts would probably involve great discussions with the Inland Revenue as to what charges should be made against the gross receipts; and that that it would involve you in considerable trouble with them in ascertaining what they considered to be legitimate charges against the gross receipts so as to ascertain the revenue, is that your opinion?—Some questions might arise, but I do not think any very serious ones would. The practice of railway companies now as to charges against revenue are so settled and determined, that I do not think it is likely that any difficulty would arise.

Mr. *Bruce*—continued.

Mr. *Samuda.*

1352. It would certainly introduce another element?—Yes.

Sir *Harcourt Johnstone.*

1353. You do not see any special reason why you should pay an income tax on the profits of the shareholders when your neighbours and adjoining competitors are untaxed?—That is exactly our case. I do not see why we should pay a higher rate of income tax (which it practically is) than docks, and gasworks, and waterworks which have special facilities given to them; nor why we should be taxed at the rate of 2 *s.* 2 *d.* in the pound on our net income, while our competitors do not pay anything.

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Tuesday, 9th May 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Mr. James Corry.
Viscount Crichton.
Lord Claud Hamilton.
Sir Harcourt Johnstone.
Mr. Leighton.
Mr. Macdonald.
Mr. M'Lagan.
Earl Percy.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., IN THE CHAIR.

Mr. CHARLES RICKMAN, called in; and Examined.

Chairman.

1354. YOU are Accountant to the Inland Revenue Board, I believe?—I am an Accountant of Inland Revenue, more particularly connected with railways.

1355. How long have you been in that office?—I have been in the service for 25 years.

1356. How long have you been engaged in the Accountant's Office?—On this particular duty, since late in 1867 or early in 1868, on the death of Mr. Hare.

1357. I do not know whether you have had an opportunity of seeing the evidence which was given by Sir William Stephenson on Friday last?—I have not had an opportunity of doing so until within a few moments.

1358. You are aware that he was examined before the Committee?—Yes.

1359. Are you aware, from any summary which you may have seen, of the substance of the evidence which he gave with regard to the course pursued between railway companies and your office as to the assessment and levying of the railway passenger duty?—I have formed a very adequate conclusion.

1360. There were a great many points upon which he vouched you, and the Committee will be glad to hear from you what has been the practical working of the arrangements between you and the railway companies. Will you first state, in your own way, the mode of assessment and payment of the railway passenger duty from 1868?—That is what I propose to do, and it will probably save the time of the Committee, as I have committed it to a narrative form, if you will allow me to refer to the notes which I have before me, subject to any questions that may be raised *en passant*. I propose to lay before this Committee a brief history of the mode of the assessment and payment of the railway passenger duty from 1868, when I entered on those duties. The first thing that I have to refer to will be the instructions to the officers of the Inland Revenue and the Acts of Parliament which guided myself in the semi-control of the collection of this duty. I come first of all to the instructions to the officers of Inland Revenue.

1361. What is the date of those instructions?—The first copy that I have is dated 1849, the second is dated 1859, and the third is dated 1874. The instructions of 1874 embrace the general questions which have cropped up in the interim between 1859 and 1874; the instructions are modified to suit the circumstances of the case.

Chairman—continued.

1362. Will you first give us the original instructions, and then we can judge what the alterations and modifications were?—Yes.

Mr. *Macdonald.*

1363. Are the instructions from the Inland Revenue Board?—They are instructions to the officers of Excise for collecting and securing the duties on stage carriages in Great Britain.

Chairman.

1364. I suppose they are instructions in the same way as are issued to assessors and people down in the country for their guidance in collecting the duty?—Precisely. First of all, the Acts are recited relating to the duties on railway passengers as being 2 & 3 Will. 4, c. 120, s. 52; 5 & 6 Vict. c. 79; 7 & 8 Vict. c. 85, s. 9. "The 5 & 6 Vict. c. 79, imposes the duty of five per cent. on the sums received or charged for the conveyance of all passengers on a railway. The 7 & 8 Vict. c. 85, s. 9, enacts that no duty shall be levied upon the receipts of any railway company from conveyance of passengers at fares not exceeding 1 *d.* per mile by any cheap train established by that Act, under the conditions specified in the same Act, Section 6, which conditions the collector should see are complied with before the exemption is allowed. The accounts of the duties on railway passengers are to be made up to the first Monday in every calendar month, exclusive of that day; and such accounts are to be delivered to the proper officer by the railway authorities, properly verified, on or before the 24th of each month. On the receipt of such accounts the officer must examine the same, and post the amounts into one of his survey books, agreeably to the precedent on page 17; and by the next post, after the receipt thereof, forward the accounts to his supervisor, who must forthwith examine the same, and lose no time in transmitting

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Chairman—continued.

mitting them to his collector. The collector, on the receipt of any such accounts, must immediately examine them; and, on being satisfied of their accuracy, call for payment of the duty, arranging with such of the railway companies as may be situated at a distance from his residence in what way the duty shall be paid, taking care that he shall receive the same before the termination of the month in which the accounts are rendered. The collector must acknowledge the receipt of railway duties in the petty accounts for the week in which paid, and return the accounts rendered by railway companies to the supervisor, in time for him to forward them to the accountant at the chief office, with the charge vouchers to which they appertain. Such railway accounts as have been received by the officer prior to the making up of the roundly duties, must be included and entered in the general abstract with such duties; distinguishing the amount for each month, when the round shall include more than one monthly account, as shown in the precedent for entering such accounts in the officers' survey-book, page 17; and a separate voucher made and agreeably thereto. Supervisors are occasionally to compare the books kept by railway companies with the accounts rendered by them (but, in doing so, must use the greatest civility), and if any irregularity of moment or fraud be discovered, the supervisor must state all the circumstances for the Board's directions. The collector is to open an account in his 'traders ledger,' with each railway company paying duty in his collection, and to post to that account each month's return of the amount received for the conveyance of passengers, and the duty payable thereon; and, when the duty is paid, to discharge the account thereof; to post the aggregate of each district into his 'Abstract of Duties charged, &c.' and thence into his 'principal ledger,' as is the practice with respect to all other duties, and to keep duties on railways distinct in his books, accounts, and returns. Whenever a railway is about to be opened, having a terminus in his collection, the collector must report the same to the Board, stating whether such railway has also a terminus in London; whether it is a branch of any other railway; at what place the accounts will be furnished, and the duties paid, and under what Act it has been established. He must also acquaint the secretary to the company with the forms of account and affidavit required to be furnished monthly to the proper officer, and with the requirements of the Act, 5 & 6 Vict. c. 79, with regard to giving security. He must request, at the same time, to be furnished with the names, residences, and occupations of the proposed sureties, and must transmit the answer to the Board, with his observations as to their sufficiency, if they are resident in his collection. He must also, from time to time, make inquiry into the sufficiency of the sureties, and call for a fresh bond when necessary."

1365. Those are the instructions issued in 1849?—They are.

1366. Can you state how far the officers were able to carry out those instructions?—I believe they carried them out to the best of their ability.

1367. When you use the expression "to the best of their ability," the amount of duty which was levied and the increase in the railway traffic had rendered the application of those rules, I

Chairman—continued.

presume, very difficult, had they not?—The extension of time for the rendering of the accounts came gradually into operation. The rules subsequently laid down are the same in substance as these; but with the growing exigencies of the railway traffic they are a little more stringent. There is an extension of time upon which I shall touch presently; but the instructions virtually remain the same, only that more vigilance was to be exercised in future years.

1368. Is there any suggestion throughout that the railway companies have in any degree put difficulties in the way of the Inland Revenue collecting the duty?—I do not know. The subsequent rules are rather shorter, and it may be better for me to give you those that were published in 1874.

1369. I do not want to go into the whole of these rules, but can you, having read those rules, tell whether there was any complaint made of the way in which the railway companies had furnished or rendered their accounts?—In 1859 there appears to have been this clause: "The exemption from duty in respect of third class passengers conveyed in cheap trains is not to be allowed, unless the arrangements sanctioned by the Board of Trade be adhered to; but in every instance in which there is any difference discovered between the arrangements of the railway company and those sanctioned by the Board of Trade, the particulars must be stated and directions obtained."

1370. Were the arrangements which were sanctioned by the Board of Trade, those with reference to the dispensing power?—In 1870 the letter which accompanied the approval of the cheap train arrangements by the Board of Trade, and which was forwarded by the Board of Trade to the secretary of the railway company, was couched in these terms: "I am directed by the Board of Trade to convey to you their approval of the hours of arrival and departure of the cheap trains upon the London and North-Western Railway, marked in red ink in the printed timetables transmitted by you in triplicate, one copy of which is returned to you."

1371. I think we have had that before from the first witness who was called; but that was the only rule which was laid down by the Board of Trade, was it?—That is so.

Mr. *Macdonald.*

1372. Was that the entire arrangement?—No, there is a letter to the Board of Inland Revenue at the same time; I am able to lay before this Committee a letter so far back as the year 1863 from the Board of Trade, in which they point out the mode which they had adopted with regard to the approval of the cheap train arrangements of a file of railways included in this letter; the letter refers to the Caledonian, the London, Brighton, and South Coast, the North British, the Oswestry and Newtown, and the Hereford, Hay, and Brecon Railway; and it says: "I am directed by the Lords of the Committee of the Privy Council for Trade to transmit to you the enclosed list of trains which are proposed to be run by the railway companies detailed in the margin, for the conveyance of passengers under the provisions of the Act 7 & 8 Vict. c. 85, which have received the approval of their Lordships." There is no difference whatever at the

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Mr. *Macdonald*—continued.

the present date in the tenor of the letter which accompanies the approval of cheap trains.

Chairman.

1373. What we want rather to see is whether during all this time, and whilst these rates were being paid, and after all the dealings between the Government offices and the railway companies, the railway companies and the Government offices had been acting on friendly terms, so to speak, until the question arose, and that new light was introduced as to the law?—I think that that would be shown presently in the evidence which I am about to offer to the Committee.

1374. Can you tell me at once whether, throughout these proceedings, there was any suggestion on the one hand or on the other, that there had been any unfairness on the part of the railway companies, or any extortionate demand on the part of the Government offices?—There was a sharpening up of the action of the Government offices, and there was an inclination on the part of the railway companies to rest their claim upon the 9th section of 7th & 8th Vict. cap. 85.

1375. That was after this new view of the law was introduced?—It was.

1376. Up to that period was there anything to lead you to the conclusion either one way or the other, as to the terms upon which these arrangements were carried out between the companies and the Government offices?—Nothing, except that in 1868 when I was ordered to take charge of the railway duty, under the immediate control of the Accountant and Comptroller General, I was told to look into the matter.

1377. What was the result of your looking into it?—The first result was a visit to York and Newcastle-on-Tyne to inspect the books of the North Eastern Railway Company; the result of that inspection proved that the North Eastern Company were claiming exemption in respect of the third class passengers conveyed in first and second class trains, which had not received the approval of the Board of Trade; and the schedule is on this table of the trains that were taken out at that time.

1378. Was that before the claim was made?—Yes, it was with a view to the claim being made.

1379. Then the claim was made?—The claim was made, and the company were called upon to pay in respect of this large schedule of trains not approved by the Board of Trade; that is what is called the through third-class booking question.

1380. Had the North Eastern Company not submitted to the Board of Trade any time-table or rates as the other companies which you spoke of just now had done?—Yes, they had done so.

1381. What was the result of your investigation, so far as the North Eastern Company were concerned; did they pay the differences up?—No, they declined to pay; the estimate value being 50,000 *l.*

1382. What was done in the result?—Nothing was done in consequence of its being so large an undertaking, that it would be impossible to set the English information out under a series of years. The North London accounts, although it was a very short line, proved a very gigantic task; and when we considered that the North Eastern Railway was made up of a congeries of lines drawn together in one compact whole by

Chairman—continued.

the late Mr. Hudson, I believe it was found that the difficulties of ownership and proprietorship and the different interests were so great, that in fact it was an insuperable task which my late lamented colleague, Mr. Dwelly, the chief clerk of Mr. Melvill's department, felt unequal to cope with.

1383. Then in point of fact, although you might be right in your view of the law, and although you might have legally insisted upon your claim, the difficulties in carrying out that law were, in your judgment, insuperable?—They were, as far as regarded the through third class booking question, but they were not insuperable as regarded a great many of the items embraced in the general inspection which followed in the years 1870 and 1871.

1384. What was done there?—I ought perhaps to mention with regard to that, that the Clearing House with its gigantic clerical machinery stepped in, and it was found that those amounts had all been irrevocably fixed before the account was made out, and the allocation of the portions of the fare to each company had been made, and that the difficulties, not only of proprietorship, but of ownership on the lines, had been so great that it had added to our difficulty in endeavouring to carry out the Act against the North Eastern Company.

1385. You have told us about your proceedings with the North Eastern Company, and you said you took a journey, I think, somewhere else?—The general inspection in the years 1870 and 1871 embraced the whole of the railways of Great Britain.

1386. Have you in the papers which you have before you a detailed account of what you did with those various companies?—I have in the abstract.

1387. You have told us what the instructions to the officers of Inland Revenue have been, and you say that you were sent down specially to look into this question?—Yes.

1388. Did you prepare, or was there prepared under your superintendence, the mode of assessing the London railways?—No, that is entirely in the hands of the assessor of railways.

1389. Will you begin with them, and take the provincial railways afterwards; what was the form of assessing the London railways?—On receipt of the approval of the Board of Trade after registration, and carefully looking over the file of the London railways, it would be sent to the assessor, and he would, in due course, receive the monthly accounts, perhaps, eventually on the 10th of the second month after the one that he would be dealing with. He would then see that the account corresponded in his judgment with the previous month, or with the corresponding month of the previous year, having made due allowance for the opening of new lines and other matters; and he would then charge a duty upon that of 5 per cent., and transmit a charge ticket to the collector, now the collector of London, west. The duty would be charged to London, west. The duty would be charged, and the money paid; and subject to questions which arose in his mind as to the fulfilment of the Cheap Trains Act, or any other conditions implied by those instructions, which were also applicable to the assessor as well as to the local officers, the account would be passed in due form, and it would come back to me to be entered as a

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Mr. *Rickman.*

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Chairman—continued.

credit to the company for the duty paid, and the amount of the exemption would be placed in an opposite column.

1390. That was, after all, nothing but an approximate account then as it were; it was not the actual account?—It was the actual account. Perhaps you would like to hear a description of the account.

1391. Will you describe the account?—This is the old form of account, filled in in September 1872, of the London and North Western Railway. It is headed "Passenger Duty Account." This return includes the traffic on the London and Birmingham, the Grand Junction, and all the railways in connection with the London and North Western system, which are shown in the upper portion of the Schedule. The first that we had to deal with was in No. 1 Account, which is an "Account of all and every sum or sums of money upon which duty is payable, received, or charged from the first day of [the particular] month inclusive, to the first day of the following month exclusive, by the London and North Western Railway Company for the conveyance of passengers on the said railway, and any other railways, showing the amount received for the conveyance of passengers, and the duty payable thereon, in pursuance of 5 & 6 Vict. c. 79, and 7 & 8 Vict.," &c.; and the other Acts are recited. It says, "Amount received for the conveyance of passengers on and for the London and North Western Railway exclusive of Parliamentary and third class." "Amount received for the conveyance of passengers for other companies as shown separately in Account No. 2." A total is made of those, and the duty of 5 per cent. is made out by the railway company's accountant; it is agreed to by the assessor, and, as I have previously described, the duty is paid in due form. We turn over, and we come to what are called the No. 2 and No. 3 Accounts. Now a great deal hinges, or did hinge, on these, for now this account is altogether abolished, and under the new system we are unable to levy the duty in accordance with this arrangement.

1392. Why?—On account of the extreme difficulties in the way of the apportionment of the traffic, it was arranged that each company should pay on its own earnings, and not on account of other companies, as shown in this account. The heading of No. 2 Account, I think, would explain this. It is an "Account of all sums of money upon which duty is payable, paid or accounted for, and to be paid or accounted for by the London and North Western Company to any other railway company as their share or proportion of any sums, whether in the nature of toll or otherwise, received for the conveyance of passengers between the 1st day of December inclusive, and the 1st day of October exclusive, pursuant to the Act."

1393. That had reference to through rates and arrangements with other companies, I suppose?—Yes.

1394. That, you say, is inapplicable now?—It is; but I will briefly refer to No. 3 Account, to show you the use which was made of this rather complex account. No. 3 is exactly the converse of No. 2; it shows what other railway companies in parallel lines have received on account of the London and North Western Railway Company. Those amounts were entered in a large book kept by myself for many years for the purpose of check; the No. 2 Account of one company being the No. 3 Account of the other company. Therefore, in this exchange of receipts, if any mistake had been made it would be detected by this means.

Chairman—continued.

1395. Each was a check upon the other?—Each was a check upon the other until at last the check became almost ineffective, if I may use that term, because the Clearing House had determined what those figures should be before the railway companies entered them upon the sheets.

1396. Did the Clearing House really determine the question between you and the companies?—It did.

1397. That saved you a good deal of trouble, I suppose?—We could not give up the check as long as that form of account existed.

1398. But you find that the Clearing House has simplified matters very materially?—Yes; but the Clearing House treated with the tickets, they did not treat with the trains, and therefore all the tickets under 1 *d.* a mile that came into their hands were submitted to the operation of this last column, which I shall explain.

1399. How did you ascertain whether the exemptions were justified or not?—By examination of the books; that was the only test.

1400. Did you find that a convenient mode; could you do it?—Yes, I could do it.

1401. Was it a work of much labour?—It was a work of great labour.

1402. And of great cost?—The cost, of course, of my own salary and travelling expenses.

1403. And subordinates clerks as well?—Only one.

1404. Did you and that other clerk superintend the whole of this matter which we are now discussing?—We did.

1405. Were you specially appointed for that purpose?—I was.

1406. I presume that the same sort of reciprocal arrangements were made with other companies as well as the London and North Western Railway?—Yes.

1407. You have described to us the way in which you assessed the London railways, and also the provincial railways; I suppose that the London and North Western Railway, and those railways which you have mentioned, would come under the heading of provincial railways?—The London and North Western Railway would be a London railway.

1408. But the railways in connection with them; for instance, the Llanelly Railway, and so on, would be provincial, I presume?—They would all be provincial. I think, perhaps, that it would be a convenient course to adopt at the present moment to give you my letter or diploma (*handing a paper to the Chairman*).

1409. Is this letter directed to all the railway companies?—Yes.

1410. This was after the state of the law had been discussed, and after the legal position of the companies with reference to the Government had been opened?—Yes, the letter is as follows:—"I am instructed by the Board of Inland Revenue to acquaint you that they have authorised Mr. Charles Rickman, of this office, to examine the books and accounts of all railway companies throughout Great Britain, with a view to verifying the charge for duty which should be properly raised against the several companies. The Board request that you will afford Mr. Rickman every facility to this end."

1411. I presume

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Chairman—continued.

1411. I presume that they did afford you every facility?—They did afford me every facility, and the body of gentlemen with whom I am more particularly connected, the accountants, offered every possible facility for the examination.

1412. What is the next column in the account. The fourth column of that account is the exemption column. That purports to be an "Account of all sums of money received by or for the London and North Western Company for the conveyance of passengers between the 1st day of September inclusive and the 1st day of October exclusive upon the London and North Western Railway, by trains provided for the conveyance of third-class passengers with the approval of the Lords of the Committee of the Privy Council for Trade and Plantations, under the authority of the several statutes relating thereto, including soldiers and police, for whom no duty is payable."

1413. Will you now proceed with your narrative?—I think I had arrived at the inspection of 1871. Differences had arisen as to the liability or non-liability of various sorts of passenger traffic to duty. I found that in nearly every case there was a difference in the mode of treatment of certain traffic. Under the Act, some accountants thought that they were entitled to remission, and others thought that the aggregate of traffic was clearly liable. I need not, perhaps, go into detail very much on this subject, further than to say that there is one peculiar item which attracted my attention. There is a charge for special trains, which is popularly known as "engine hire;" that is to say, if you took a special train from here to York, you would pay 8*s.* a mile, and you would then take out so many first and second-class tickets as there were persons travelling by that train. The companies held that they were only liable to pay the duty in respect of the tickets issued, and not in respect of the mileage, or engine hire, as it was termed.

1414. How was that settled?—The North Eastern Company have always paid it on the ground that it was the highest class of passenger traffic, and therefore that the total receipts were liable to the duty.

1415. And some other companies did not pay it?—They resisted it.

1416. Did you insist upon their paying?—In the general settlement to which reference will have to be made further on, there was a sort of give-and-take principle; we made the best arrangement we could under the circumstances.

Mr. *Macdonald.*

1417. Then did you make an arrangement with each company for themselves, irrespectively of the other companies?—Yes, under protest, as it were, that the thing might be tried eventually.

Chairman.

1418. Will you proceed with your narrative?—The general results of the inspection, and the functions of the Clearing House in connection with the duty, have been explained. As the Committee are aware, there was a settlement with the companies after the judgment in the Court of Exchequer. The 5 & 6 Vict. provides that a book shall be kept under the approval of the Commissioners of Inland Revenue called a coaching traffic book, which should contain for each month the names of all stations on the railway, the number of each class of passengers, the receipts liable and exempt from duty, the aggregate totals of which should agree with the account rendered. The items embraced in this book would be entered from the station abstract; and though a large amount of clerical labour would be involved, railway companies who made up their duty exemption on this mode, made at the same time an effective audit of the station accounts, and had the benefit of an enduring record of the progressive development of passenger traffic. By the same Act that provides for the keeping of those accounts, there is also a section that provides for their inspection. I will not trouble you with the extract; it simply says that a perfectly qualified officer of the Inland Revenue shall inspect the accounts. It is contended that with the station sheets or abstracts before him, a qualified officer of the Inland Revenue would have a perfect check over the monthly accounts, and that evasion would be the exception and not the rule. We have disposed of the Board of Trade appeal of cheap trains, and also the third class booking. I come now to the order conveyed to myself in 1870 by the Commissioners of Inland Revenue for a general inspection, and I have handed to the Committee the special commission to carry out the same. During the years 1870 and 1871, the books and accounts of all railway companies were examined, and it was found that many differences of opinion and practice existed as to the liability and non-liability of various items of passenger traffic to the duty. The general result of this inspection was that some 20,000 *l.* of duty was recovered, and paid under protest by the companies, and many claims were waived or allowed to remain in abeyance till some general decision had been arrived at in the Court of Exchequer. In fact, those settlements were on the give-and-take principle as the best that could be made under the circumstances. In alluding to the through third class booking question, I noticed that the Clearing House allocated the proportions, and that, I think, has been fully dealt with. I pass now from the question of the general inspection to the general settlement with the railway companies after the judgment of the Court of Exchequer in July 1874. The supplementary accounts for the months of July, August, September, and October, were framed upon the basis of the November account; and it may, perhaps, be asked why the duty that was due in July was assessed upon the November account. The judgment of the Court of Exchequer was not given until the 6th of July, and some considerable time elapsed before it was decided as to what action should be taken in the matter, the Board of Inland Revenue not wishing to press harshly upon the railway companies, and the railway companies taking time to consider what action they should take upon that judgment, subject to the appeal which was to follow in the House of Lords. The first intimation that I received of a desire for settlement on the part of the railway companies, emanated from the railway companies in the city of Manchester; and on going down to Manchester those two settlements, which were brought before the notice of the Committee by Mr. Melvill, with the Lancashire and Yorkshire, and the Manchester, Sheffield, and Lincolnshire companies formed the basis of the settlement with all the other railway companies in Great Britain. It was agreed

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Mr. *Rickman.*

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Chairman—continued.

agreed that the November account should form the basis of the supplementary accounts to be rendered for the months of July, August, September, and October. As I have already said, it may naturally be asked why November was taken? It was for this reason: that the time was convenient, and also that as the companies would have to account, not only for their own earnings, but also for the earnings of other companies during those preceding months, it was only fair, just, and equitable to take the month of November as the basis.

1419. Did you think that the traffic in the month of November was a fair measure of the traffic during the four preceding months which you have mentioned, July, August, September, and October?—No, the month of July would be the heaviest month for traffic, and August would be a heavy month, but September and October would become lighter, although the apparent traffic would be very heavy, because the railway companies would then be bringing home the tourists to whom they had issued tickets in July; it was at this time, in November 1874, that the new form of accounts was agreed upon.

1420. I understand that you took the November return as representing each of the four preceding months?—No, that is not so; it is taken as the basis upon which to calculate the duty; the November account being returned as early as possible in accordance with the judgment of the Court of Exchequer.

1421. But what was the November account to determine?—It was to determine the value of the supplementary accounts to be rendered for the months of July, August, September, and October.

Mr. *Samuda.*

1422. But only for those four months?—Only for those four months.

1423. Not for any month previous to the judgment?—No.

Chairman.

1424. The judgment came into operation in July, did it not?—It did.

1425. In the interval between July and November, the thing having been in abeyance, there had been no claim made, and the companies did not quite know where they were?—The judgment was sent to them, but no steps were taken.

1426. In November you proceeded to enforce what you considered to be the new law, did you not?—No, we had agreed to a compromise.

1427. You had agreed to a compromise in consequence of the new law having come into operation?—Yes.

1428. And, as the basis of that compromise, you took the returns of November on the footing of the returns for the four preceding months?—The companies having paid the duty which had accrued under the old system, we surcharged them for those months, but not for any previous year; a new form of account was sanctioned in November, which relieved the railway officials of a very large amount of clerical labour, and effected a saving of Clearing House expenses.

1429. Did it also save you trouble?—No, I cannot say that it did.

1430. Did it increase the expenses in your office?—No, there was no augmentation.

1431. Only an augmentation of labour?—That was all; it may be desirable to show the Committee the new form of account (*handing a paper to the Chairman*).

Chairman—continued.

1432. Is this the system which is now in force?—It is.

1433. You say that this saved trouble to the companies and the Clearing House, but that it increased your labour to some extent; this seems to be merely an abstract and an affidavit that the account is correct; how do you make up the account?—The account is precisely the same, with the exception that we have dispensed with the second and third accounts; the account is much more simple than it was before; there are no details further than that the amounts received for the conveyance of passengers upon the railway, the net earnings, are placed in the upper portion of the account.

1434. It is simpler, inasmuch as you do away with what was the subject-matter of the account?—Yes.

1435. That being the case, and you having no insight into the details, what check or security have you that these accounts are correct, except the affidavit?—Ever since November 1874 the railway companies have been visited for the purpose of seeing that their accounts were kept in conformity with this arrangement.

1436. Have you visited them yourself?—After November 1874, I visited the entire system of Great Britain.

1437. What has been the result of your visits?—The result of my visits has been that they were paying in accordance with the arrangements of various characters made to suit the exigencies of the traffic. One company would pay a percentage of the third-class traffic definite and fixed; another company would pay upon a mileage fraction; and another company would pay the duty pure and simple upon the ticket principle.

1438. Then there was not uniformity, at all events?—No.

1439. The companies made certain deductions?—The only deduction which they could make would be the amount exempt from duty previously determined.

Mr. *Samuda.*

1440. Since the change in your accounts in accordance with the judgment of the House of Lords, when you go yourself to see that the affidavits are correct, do you not base the whole of these varying modes in which the companies make out their accounts upon an uniform principle, that every one of them makes what you conceive to be an absolutely fair deduction in exact accordance with what the decision in the House of Lords would have required them to make?—The decision of the House of Lords goes further, because it would render the exemption from duty impossible, unless the train ran from end to end of the line.

1441. Without going into that particular circumstance, as nearly as you can apply the judgment that was obtained in the House of Lords, it is upon that basis that the railway companies now make out their deductions from the duty?—I believe that the accounts are fairly and honourably made out.

1442. But you can answer that question, surely; there was a difference existing before this judgment of the House of Lords, because all the companies had different notions as to what they were rightly entitled to deduct; but after the decision of the House of Lords there was no difficulty

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Mr. *Samuda*—continued.

difficulty upon that matter, was there?—I cannot say that there is no difficulty.

1443. I thought that it was perfectly clear that, after the decision in the House of Lords, you, the Board of Inland Revenue, the Board of Trade, and the railway companies, all agree to accept that as the basis of deduction with reference to the payment of the railway passenger duty?—Difficulties must arise, and do arise.

1444. But why?—From the perversity of human nature, I suppose.

1445. Did you not all agree upon a basis upon which you were to make out your accounts in future?—I explained that the basis in one case would be the actual ticket system.

1446. I know you did; but did you not also mean us to understand that they took it out in a different way, but that they always intended to make the deduction take the form that the decision of the House of Lords required that it should in future be restricted to?—In the abstract, they did.

Chairman.

1447. But, in practice, did they do so?—Not in every case.

1448. Then it comes to this, does it not, that in spite of the decision given by the House of Lords, there has not been uniformity prevailing amongst the railway companies as to the payments which they make to the Inland Revenue?—Only with very few exceptions.

1449. What are those exceptions?—The exceptions would be upon the mode of applying the basis of the November account.

1450. That is upon principle?—That is upon principle.

1451. Then, at the present moment, I take it (of course if there is one exception it answers my question) that there is not uniformity?—There is not uniformity.

1452. In consequence of that want of uniformity, how have you been able to decide which of the companies are right and which are wrong in the view which they have taken, and the principle which they have adopted; have you taken what they have given you without demur or comment, or have you contended with them that you are right and they are wrong?—There has been a considerable amount of contention. We have been regulated by the increased duty, month by month, which should apply as between 1874 and 1875.

1453. You say that these returns are sent to you by the different railway companies; it seems to me that the principle upon which these accounts are made is your reliance upon the accuracy of the affidavit made by the railway company?—Not entirely.

1454. You have the power of checking these afterwards, but, in the first instance, do you not rely upon their accuracy?—Yes, they are accepted in the first instance, upon affidavit.

1455. That affidavit was substituted for the previous system which you have told us existed with regard to the inspection of accounts?—Yes.

1456. This affidavit says that the accountant is well acquainted with the books, and that he has examined them, and that, to the best of his belief, the account is a true and faithful account of all and every the matters and things which it purports to contain?—Yes.

1457. I see that what it does contain is, first, "Account received for conveyance of passengers on the railway;" secondly, "Amount exempt from duty;" then, "Balance liable to duty," and "Duty at 5 per cent. thereon." These being the four matters, have not the different railway companies calculated the amount exempt from duty in different ways?—They have.

Chairman—continued.

1458. Will you explain to us, if you please, the different ways in which they have claimed exemption, taking two companies that have claimed exemption in different ways?—I will take the case of the London and North Western Company.

1459. In making out their account, upon what principle had they calculated the amount exempt from duty?—On the Parliamentary ticket principle only, the issue of Parliamentary tickets.

1460. Was that in accordance with the judgment in the House of Lords?—It is as nearly as possible in accordance with the judgment in the House of Lords.

1461. Are you satisfied with that principle?—I think that it is the best. You will allow me to state, with regard to the London and North Western Company, that the mode in which it is applied to the time table is distinguished by the black line on the right hand side; that is as to the particular trains for which those Parliamentary tickets are issued; and of course the value of those tickets is easily ascertainable, and there can be no possible mistake about it.

1462. Will you now take any other company which has gone on a different basis?—There are some 14 or 15 companies who pay duty on their entire receipts, and do not come within the purview of the Cheap Trains Act, and therefore in these cases there can be no question.

Mr. *Samuda.*

1463. Those, again, would be in strict accordance with the judgment, would they not, because, under the judgment, they could claim no exemption?—The fares from third class passengers are mostly in excess of the statutory rate, and they cannot claim it. A very apt illustration of that sort of railway company would be the Taff Vale; they do not bind themselves to any time. If you take a ticket on the Taff Vale Railway you may get to your destination to-day or to-morrow, but they do not bind themselves to any condition.

Chairman.

1464. I want rather to deal with a case where they have claimed an amount of exemption on a different principle from that which the London and North Western Company adopted?—I think that the best illustration which I can offer to the Committee would be the Great Northern Company. The Great Northern Company pay the duty on the mileage fraction principle. A train leaving King's Cross would probably run to Peterborough without stopping, and that portion of the journey would be considered liable to duty.

1465. That is to say, that portion of the journey would not be liable to exemption?—It would not be exempt. The train from Peterborough to York would probably be a stopping train, and that portion of the journey would be regarded as exempt.

1466. In your judgment does that come within the *dictmus* of the House of Lords?—It is not in strict accordance with the judgment of the

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Chairman—continued.

Court of Exchequer, but the Great Northern Company pay the fair quota of the duty under the arrangement.

1467. That is another thing; but in strict accordance with the judgment of the House of Lords, the train ought to have gone the whole way from London to York, stopping at all the stations, ought it not?—Certainly.

1468. You have waived that?—We made the arrangement after the judgment in the Court of Exchequer, and subject to appeal in the House of Lords; the question to my mind arises very forcibly now, whether the whole of this arrangement is tenable.

1469. Then is it not the fact that the state of the law is such that it is impracticable, and not possible to be carried out as applicable to the companies?—It is not possible.

1470. That is to say, that taking the very case which you have given of the Great Northern Company, unless the train stops at every station between London and York they could not claim the exemption?—On the branches they would be entitled to exemption, but certainly not on the main trunk line.

1471. You have been driven by the necessity of the case to adopt what you considered an equitable view, and to depart from the strict letter of the law as it has been laid down?—Yes.

1472. Is there any other system?—There is another system of direct per-centage, an agreed per-centage upon all Parliamentary traffic.

1473. Making a deduction for exemption?—Yes.

1474. That is merely a sort of rule-of-thumb way of doing it, is it not?—Yes, it was an easy way.

1475. A very easy way, indeed; but there is no principle involved in it, is there?—There is no principle involved in it.

1476. What companies adopt that principle?—The Caledonian, the Midland, and others.

1477. How do you, the Government department, justify the adoption of this rough-and-ready way of dealing with the question?—In the case of the Caledonian, it was represented to Mr. Melvill that such a very large proportion of their passengers were third-class passengers, and that by Statute they are not allowed to charge more than 1*d.* a mile; so that in the mining districts, the iron districts, and other portions of the line around Glasgow, an agreed per-centage would be a fair and equitable mode as far as they were concerned, and would save a very large amount of clerical labour.

1478. Then this arrangement was made outside of the law?—Entirely outside of the law.

Sir *Harcourt Johnstone.*

1479. To what extent did that prejudice the revenue?—It has not prejudiced the revenue at all.

Chairman.

1480. What are the proportions in the Caledonian and Midland Railways?—The Caledonian Company pay duty on 22½ per cent. of all their third class traffic.

1481. How did you arrive at the conclusion that that was a fair sum to calculate upon; what data had you?—It was arrived at by reference to previous years, and to the proportion.

1482. What have you done about the Midland?—The Midland pay duty on 28 per cent. of the third class traffic, but for the summer service of trains, the Midland will pay on 30 per cent.

1483. They fill the account up upon that principle?—They do; it is for the officers of Inland Revenue to see that the per centage is applied to the proper amount of traffic.

1484. That is to say, when the accountant swears that that is the proper amount exempt from duty, that is the amount which, according to your arrangement, is exempt from duty?—Yes.

1485. Now we have three different forms; is there any other form?—There is no other form; I have given you the ticket, the mileage, and the per centage.

1486. I presume that the fact of those three modes being adopted is pretty conclusive evidence that the law, as it stands now, is a law that requires alteration?—Most decidedly.

1487. Have you now furnished the information which you proposed to give to the Committee, or are there any other points that you wish to lay before them?—I would refer very briefly to the question of arrears previously to July 1874. Mr. Melvill put the figures at 5,000,000 *l.*, but he evidently intended to indicate the date as from 1844 to 1874. At the very best this is only an estimate, and I am led to look very closely at the value of the exemption, and also to the fact that in the earlier years the companies had not developed their third-class traffic. It will be necessary for me to pause for a moment there and tell you the reason that I have for thinking that the principal estimate, and also the one which has been furnished to you, which I think Sir William Stephenson quoted at 700,000 *l.*, may be over large. I do not find fault with the aggregate of that account; I think it is as nearly right as possible, but I think that the debit has been made to many companies in wrong years. I base my views upon that point by reference to the accounts of the London and North Western Company from 1866 up to the date at which that account was rendered. In 1866, the accounts rendered by the London and North Western Company say that exemption from duty is only claimed in respect of one train each way daily, and the amount of exemption taken over that large system cannot be thought high at 38,000 *l.* for the month. That system of one train each way daily, on the affidavit, continued up to three months of 1872, and then it was stated that exemption was claimed for all trains, with few exceptions, and in many of the accounts that follow there is no reservation made of any kind, but it says, "all trains;" therefore the contention is that at a certain time the London and North Western Company had no train whatever that complied with the conditions of the judgment of the Court of Exchequer or of the House of Lords; and therefore that the charge to be raised against them for unpaid duty must date from the time of this account, when it says that they claimed exemption in respect of all trains. Now what is the result of that? I have worked it out, and I find that they claimed exemption for a considerable sum of money, the aggregate of duty of which amounts to within 2,000 *l.* of the figure that is placed upon that account which has been furnished to you; and that, instead of being 176,000 *l.*, the debit against the London and North Western Company under the

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Chairman—continued.

the new light which I have now seen, should be 174,000 *l.*; but it shows that the assumption is wrong that in 1866 they were to be debited with any excess of duty on account of the cheap-train arrangements in 1866. The cheap-train arrangements in 1866, according to this account, and also according to the Time Tables furnished, appear to have been perfectly correct.

1488. Have you anything more to add about the arrears?—I have said that the development of third-class traffic had not taken place in 1866, and they had adhered more closely to the obligatory train, "one at the least each way daily." Through third-class bookings were almost unknown prior to 1866, that is going back to the limit which Mr. Melvill had assigned, as from October 1866 to June 1874, the sum of 700,000 *l.* would only be reached with a high development of third-class traffic. That may be estimated as the probable amount for that period, so that after mature deliberation I am of opinion that the amount would be less than 3,000,000 *l.* sterling, and not 5,000,000 *l.*

1489. That statement you go upon the best inspection and examination of the account at your command?—Yes, that I have been able cursorily to make.

1490. I presume nobody has access to such good material, or is so competent to form an opinion upon the subject as yourself?—I do not wish to appear egotistical, but an experience of seven years is an apprenticeship to audit of railway accounts which should render a man competent to give an opinion.

Mr. *Bruce.*

1491. This sum of 3,000,000 *l.* which you mentioned, is going back to 1844, is it not?—Yes.

Chairman.

1492. Have you any suggestion to offer with regard to any other possible way of dealing with this passenger duty?—I have no explicit instructions in the matter, but I have prepared a return of the per-centages based upon the traffic for 1875; but I have merely prepared that for the information of the Committee, and my view does not go to using any portion of the figures for the purpose of a substitute for a revenue. I think that the best and easiest solution of this difficulty in the interest of the public and also in the interest of railway companies, and in the interest of the revenue, although there would be a probable loss at the beginning, would be the exemption from duty in respect of all fares at or under 1 *d.* per mile by whatever trains conveyed, and in whatever class of carriage; leaving the Board of Trade to deal with the protection of the public, and leaving the Board of Inland Revenue to collect the revenue upon a sound basis.

1493. Does this return show what the effect of such an arrangement as that would be?—No; that return refers more particularly to the per-centages on passenger traffic and gross traffic; I do not favour the idea of taxing the goods traffic.

1494. Have you gone into any calculation as to what effect upon the revenue the suggestion which you have just made would involve?—It would involve a loss of from 350,000 *l.* to 400,000 *l.*

Mr. *Samuda.*

1495. You mean to say that you would collect

Mr. *Samuda*—continued.

about 400,000 *l.*, instead of about 700,000 *l.*?—Yes; but the recuperative power of railway traffic is so great, and the travelling public are becoming month by month so much more numerous, that I think in a very short time the railway duty would reach the normal figure of 500,000 *l.*, which it held for such a long series of years.

1496. You say that that would be the effect upon the revenue; you said also, I think, that it would be an advantage to the railway companies?—In clerical labour, it would. I should suggest that they pay a monthly sum on account, and that the balance should be struck on the half-yearly returns presented to the shareholders. If they have overpaid, they should have credit on the next account; and if they have underpaid there would be a sum of money to be credited to the revenue.

1497. You said also that you thought that it would be beneficial to the public, did you not?—I think that it would be beneficial to the public for this reason: that there would be an inducement to keep the fares down below the rate of 1 *d.* per mile.

Mr. *Macdonald.*

1498. So as to avoid the duty altogether?—To get the exemption. It would perhaps be well for me to explain that, in Scotland more especially, there are a large number of first-class fares which are less than 1 *d.* a mile; and under the judgment of the Court of Exchequer, confirmed by the House of Lords, the Scotch companies are of opinion that they can claim exemption in respect of the first-class fares if they conform to the other conditions. The London, Tilbury, and Southend Railway Company have lately adopted third-class carriages to all their trains, and they stop at all the stations; and the fact is that they will now only pay a minimum of duty.

Chairman.

1499. It would be always in the power of the companies, if they found that it would not injure them financially, to get the exemption, would it not?—Yes.

1500. You say that the London, Tilbury, and Southend Railway Company do so?—The London, Tilbury, and Southend Company do.

1501. The London, Tilbury, and Southend Railway is rather a peculiar line; is there any competition with it except by the river?—No; but in the case of the London, Tilbury, and Southend Company, I have here a return for the month of January, the first time that this full third-class arrangement came into operation, and also the stopping at all stations. Whereas in January 1875 they paid 105 *l.* of duty, in 1876 they have only paid 74 *l.*

1502. What in your judgment is the effect of that upon the travelling public?—The travelling public now have upon the Tilbury line the great advantage of having a cheaper description of carriage than they ever had before. The company have been forced into that by the junction with the Great Eastern and the North London. The North London Company having adopted the third class by all the trains, they have also effected a great saving of duty.

1503. Still it involves every passenger who travels stopping at every station, does it not?—It does.

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Mr. *Rickman.*

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Chairman—continued.

1504. Therefore, if he gets his cheap train he loses his time?—There are express trains upon the Tilbury line which are subject to duty.

1505. But the exemption cannot be claimed, can it, unless the trains stop at every station?—No.

1506. Does not that stopping at every station necessarily involve a great loss of time to the travelling public?—It does to the traveller who wishes to get to a remote point in a short space of time.

1507. It is a question of degree throughout, and the loss of time must of course depend upon the destination of the passenger; but whether far or not, it must involve a loss of time; do you consider that advantageous to the public?—I consider that the stopping trains are decidedly advantageous to the public, for local purposes.

1508. That is to say, that the loss of time which one class of passengers would suffer from is compensated for by the fact of the convenience which other people have from the stopping at all stations?—Precisely so; and the express train passengers would be served in a like manner if the companies were allowed exemption from duty upon fares at or under a 1 *d.* a mile, because they will still travel by a fast train, and if a man wished to go to an intermediate station he must go by the slow train.

1509. Do you not think that if there was a traffic to serve, it would be the interest of the company to stop at every station?—They invariably do so.

1510. Therefore the stopping at the station would be determined by railway interests?—It would.

1511. Have you any further matter which you wish to lay before the Committee?—I think that I have almost exhausted my suggestions.

Mr. *Samuda.*

1512. You tell us that the London and North Western Company pay you the duty in a particular manner which you have described, and which appeared to be in exact accordance with the judgment given in the House of Lords, with the exception that the trains do not run from end to end; whereas upon the Caledonian and Midland Railways, you exempt 75 per cent. of the third-class traffic, or thereabouts, and you collect upon the other, 25 per cent. If it had been desirable to have collected the duty upon precisely the same plan upon these two railways, as you now collect it upon the London and North Western Railway, would you have had any difficulty in doing so?—No, I think not.

1513. Then by what authority have you taken upon yourself to vary the Act of Parliament to that enormous extent?—It is not my authority.

1514. Has your board passed any resolution to do this?—It is done by the advice of the solicitor.

1515. But the Board of Inland Revenue must have passed a distinct order for the purpose?—Every case has been submitted to them, and a distinct order has been passed.

1516. Then you have got a distinct order to allow you to make those changes?—Yes, decidedly: I have made no change on my own responsibility.

1517. Of course you have seen that a very large portion of the attention of the Committee has been directed to an endeavour to find how much in the previous and past years, before this judgment had been given, has probably been lost to the State or otherwise, by reason of collecting the duty in a different way from that in which it is now held by the judgment of the House of Lords that it ought to have been collected; do you think that it is justifiable for the Board of Inland Revenue, after such a decision, anda fter such a difficulty has been clearly brought to their notice, to go on perpetuating exactly the same variation from that which is known to be the law of the land as at present expounded by the judges?—I stated to the Committee, previously, that I thought, after the judgment in the House of Lords, the whole of the arrangements should have been put an end to.

Mr. *Samuda*—continued.

1518. But you have made these arrangements since the judgment in the House of Lords, have you not?—No, since the judgment in the Court of Exchequer.

1519. Then you have given no effect whatever to the judgment of the House of Lords?—None whatever. If effect was to be given to the judgment of the House of Lords, we must have the whole of the duty upon the third-class passenger traffic of the London and North Western Railway, and no exemption at all.

1520. That is with reference to that one particular point of not running the entire distance of the whole line; but on no other point except that, I think?—No other point.

1521. If that point was held to be a moot point, or a point that required some special arrangement, with that exception all the rest is taken as nearly as you can make it according to the judgment of the House of Lords?—Yes; but it is necessary to explain that the action of the London and North Western Company has varied very considerably since the making out of the November account, because the restrictions now imposed upon the third-class passengers are very great compared to what they were when they made out the November account; that is to say, that the duty has been added on to a very large proportion; and whereas in many of the suburban districts in the neighbourhood of Manchester, previous to the judgment in the Court of Exchequer, the fares for the short distances were only 1 *d.* per mile, they have been raised 50 per cent.

Mr. *Macdonald.*

1522. Is it not 100 per cent.?—I would not say that it is not 100 per cent.

Mr. *Samuda.*

1523. But you never can make any exemption whatever for fares which are more than a penny a mile?—The London and North Western Company have a power to charge the duty on the fare.

1524. They may have a power to charge the duty on the fare, but they never can get the remission of the duty where the fare in any shape or way exceeds the 1 *d.* per mile, can they?—No.

1525. Therefore that does not apply; I am speaking of the cases which really do apply; you do not allow the London and North Western Company a remission of their duty where the charge which they have made has been raised above 1 *d.* per mile, do you?—No; but I would show that whereas in October 1874, the amount of remission (I do not like the word "remission,"

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Mr. *Samuda*—continued.

"remission," I would rather say "the amount exempt from duty") was 100,000 *l.* or 120,000 *l.* per month, it is now only 22,000 *l.* per month.

1526. Because they have not given the public the same amount of advantage in regard to low fares?—Certainly.

1527. But that does not in the smallest degree affect the question which I put to you as to the amount which ought properly to be abated to them from the duty?—It does not.

1528. But still the fact remains the same, that whilst they are paying under the judgment, which must now be taken to be the law, the other two companies are not paying?—Just so.

Mr. Serjeant *Spinks*.

1529. I think that in the original Act imposing this duty, 2 & 3 Will. 4, there is a power to the companies and the Board of Trade to compound the duty, is there not?—I really cannot say; I never took 2 & 3 Will. 4 in connection with the duty; it was obsolete.

1530. Then you are not aware whether there has been any composition under that Act or not?—I am sure that there has been none.

1531. Might it not be an advantageous thing to extend to the companies, and, in fact, to encourage a composition of the duty, taking the companies generally, so as to have the revenue derivable from the railways fixed by arrangement, or commutation, or composition, several railways affording their quota until the aggregate was reached?—That is a very fair way of looking at it.

1532. For instance, supposing that you fixed the amount of 500,000 *l.*, or 600,000 *l.*, or 700,000 *l.*, as the amount of duty to be raised in every year, would it be a good plan for it to be assessed among all the railway companies what amount each should pay of it?—It is very probable that in that case the small companies, which are now paying a minimum, would have to pay rather a larger sum. It would be very difficult to arrive at a fair division unless the larger companies consented to be taxed for the sake of the smaller ones which are feeders to them.

1533. If you took it on the proportion of the passenger traffic which each company had, would it not be perfectly fair for both small and large companies?—Certainly.

1534. The mode in which the Great Northern Company pays its duty I think you call the mileage fraction principle; I do not think that we have had an explanation of the meaning of that term?—I think I endeavoured to convey it to the Chairman.

1535. You gave an illustration, but I should like to know what meaning is to be attached to the words?—I was citing one train as illustrative of the whole. From London to Peterborough it may be a fast train, and from Peterborough to York it may be a stopping train; on the portion from London to Peterborough the fare derived from a third-class passenger conveyed by that train would be liable to duty, and on the portion from Peterborough to York, where the train stops at all the stations, it would be exempt from duty. The whole mileage of trains for the month being run out, a fraction would be arrived at showing the amount liable to and exempt from the duty.

1536. Then is the principle which you go upon that of allowing a company, as it were, to break the journey?—It is.

Mr. Serjeant *Spinks*—continued.

1537. The law requires a train to be run from end to end of the line in order to obtain an exemption, does it not?—It does.

1538. But your board, for the convenience of the public, allow the journey to be broken into several parts; is that it?—I understood, when the judgment was given in the Court of Exchequer, and the arrangements were pending as to the November settlement, that the Board of Inland Revenue were not desirous of pressing heavily upon railways, and that where a train conformed in a manner to the conditions of the judgment or the Act, that portion should be considered exempt from duty.

1539. And you consider that in this case, from Peterborough to York, being a sort of integral portion of the line, the railway company sufficiently conformed to the conditions of the Act in stopping over that portion of the line?—Yes. It would be very difficult to define where a line begins and ends; it is extremely difficult to define the London and North Western Railway or the Great Northern Railway. I may mention that, pending proceedings in the case of the Great Northern Company, which were threatened in an earlier stage, I went to Doncaster and spent two days in endeavouring to find out and make a plan of the exact point of junction between the North Eastern Railway and the Great Northern Railway somewhere in the village of Askerne.

1540. Did you find it out at last?—I did; there is a stone which marks it, and from that point we must have set up the information and no further, although virtually the trains of the Great Northern Company run into York.

1541. Then you must in some way make the same allowance on the London and North Western Railway for breaking the journey; theirs is a much greater length of line, is it not?—Yes; but they did not wish to adopt the fractional principle; they preferred the ticket principle. It can make but little difference either way.

1542. For instance, supposing that they have a train from Euston, we will say, to Carlisle, do they have some of their trains that stop at every station on the road from Euston to Carlisle?—As an illustration, there is a train leaving Euston-square at 6.20, and arriving at Tring at 7.45; it leaves Tring at 9.4, and arrives at Rugby at 11.38; it leaves Rugby at 12.25, and arrives at Stafford at 2.25; it leaves Stafford at 2.30, and arrives at Crewe at 3.25, which is 158 miles travelled at the rate of 17 miles an hour.

1543. Is that stopping at every station?—Yes. At Crewe, third-class tickets, at the Parliamentary rate, would be issued, and passengers would be sent on by fast train to Carlisle, on which the company would pay the duty. This illustration is not my own preparation, and I demur to the latter statement, that the passenger goes on to Carlisle by a train at a 1*d.* per mile. I should be of opinion that he went on by a third-class train at more than a 1*d.* a mile, unless he chose to stop at Crewe the night, and go on the next day.

1544. Then, strictly speaking, ought not the company to pay the duty upon all those passengers?—It is only a reflex of the fractional principle, except that instead of running out the mileage of that enormous system of the London and North Western Railway, it is done by a ticket, and by a dark line on the side.

Mr. *Rickman*.

9 May 1876.

1545. I suppose

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Mr. *Rickman.*

9 May 1876.

Mr. Serjeant *Spinks*—continued.

1545. I suppose that it is almost impossible to carry out the Act strictly?—Perfectly so.

Sir *Harcourt Johnstone.*

1546. With regard to the expression which you used in reference to the simplification of the accounts, you said that by a certain simplification of the accounts, evasion would become the exception and not the rule; I hope you do not mean deliberate evasion, because there are many highly respectable servants of railway companies who might rather take exception to that term?—I did not wish to infer that there had been any evasion, or not deliberate evasion.

1547. You merely mean different opinions and interpretations of the statute?—Yes.

1548. I think you used the expression that the Board of Trade had agreed to a compromise?—I did.

Mr. *Bruce.*

1549. With reference to the per-centage principle which you mentioned as applicable to the Caledonian and Midland, how was that per-centage calculated; was it on the actual returns made previously?—In the case of the Midland, it was made in connection with previous years. In the case of the Caledonian, it was a fixed principle; a hard and fast line. They brought forward at a meeting at Somerset House a great number of figures illustrative of their case; and the privilege, if it may be so called, was conceded to them of paying on 22½ per cent.

1550. Do you think that that per-centage nearly, or adequately, represents the sum which the Board of Inland Revenue could have got from them if they had applied one of the other principles to those lines; if they applied the ticket principle, for instance?—I think it would.

1551. So that you do not think that there has been any loss to the revenue by taking that course?—I think not, seeing that the Caledonian Company are forced by their local Act to charge only 1*d.* per mile, having no power whatever to recoup themselves the duty.

1552. The London and North Western Company, as I understand you, issue certain Parliamentary tickets by certain trains?—Yet, it is so.

1553. Those trains are approved by the Board of Trade, are they not?—They are.

1554. Are they so arranged that there are trains which stop at every station on every part of the line every day?—No.

1555. There are certain trains that do so, are there not?—I think that it would be a very great difficulty.

1556. I do not mean that they run continuously, but there are trains between all the principal points which stop at every station, are there not?—The statement to which I referred just now, which carried us as far as Crewe, says, that a third-class ticket at the Parliamentary rate would be issued, and the passenger sent on by a fast train to Carlisle.

1557. That was a passenger starting from London; but is there not a Parliamentary train between Crewe and Carlisle?—Yes; early in the morning at another hour.

1558. I presume that if you attempted to enforce the system that a train was to run through the whole distance, stopping at every station, that

Mr. *Bruce*—continued.

train would become practically useless for a great part of the journey, because the hours would be so inconvenient, and the time would be so long?—That is precisely the position.

1559. And the arrangement made under the present state of things was calculated to give the advantage of stopping trains at the most convenient times on the different parts of the line, was it not?—It was.

1560. And whereas, in this case, the passenger leaving London goes by the Parliamentary train from Crewe, and goes on by a faster train, you charge the duty upon that part of his fare beyond Crewe and between Crewe and Carlisle, where the train does not stop?—The dark line determines that.

1561. But that is the practical result of it, is it not?—Of course, the London and North Western Audit Department, has to be guided entirely by this dark line which is placed on the right-hand side of the time table.

1562. With reference to the previous estimates that you have mentioned as to the duty unpaid, that goes back to 1844, does it not?—Not the figures laid before the Committee, but the sum which I mentioned does.

1563. Have you any materials for those earlier years which would guide you as to what the amount really was?—No, I have not.

1564. It is, to a great extent, a guess?—Referring to the evidence of Mr. Forbes, it must be dependent very much upon the state of the time tables; but looking at a time table for 1856, I see that the North Eastern Company, although they had a train purporting to be a cheap train, had a great many other trains by which they conveyed third-class passengers; but at that time they had third-class fares at 1¼*d.* per mile; and I know they paid duty upon those, and the probabilities are that although they conveyed the third-class passengers, they did not convey them at the rate of 1*d.* per mile.

1565. I believe that in those earlier years it was the practice to charge more than 1*d.* per mile for third-class passengers, except in Parliamentary trains?—It was; the London and North Western Company have now reverted to the old practice; and the Great Western Company have done the same.

1566. Under those circumstances, anything like determining the amount of arrears would be very difficult, I presume?—I should think that it would be impossible now.

1567. The system was this, was it not, before the judgment of the Court of Exchequer, that the railway companies obtained authority from the Board of Trade to run certain trains, and they claimed those trains as exempt?—Not on the authority of the Board of Trade, because the letter conveying the approval speaks only of the hours of arrival and departure without reference to duty or exemption.

1568. But the time tables were submitted to the Board of Trade, and sanctioned by them, were they not?—They were.

1569. And the railway companies, acting with the authority of the Board of Trade I presume, formed their time tables under the impression that the trains under those circumstances were exempt from duty?—In 1870 the railway companies marked every train that they could possibly mark; and as they marked it the Board of Trade gave a limited approval only of the hours of

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Mr. *Bruce*—continued.

of arrival and departure of the train. They became rather more stringent in 1873, calling the attention of the companies to the general facts, and withdrawing the approval stamp; and after the judgment of the Court of Exchequer, they said that the approval was given in accordance with the decree of the Court, and that they must conform to it.

1570. That was in 1874?—Yes.

1571. But up to that time the railway companies had acted in accord with the approval of the Board of Trade, had they not?—Yes.

1572. After the judgment in the Court of Exchequer, you say that the London and North Western Company revised their fares?—They first of all used the sectional system for the first month, and they had a great many cheap trains; but I think it was in January 1875 that they withdrew a great many of those facilities under the Act empowering them to charge the duty, and those trains became third-class trains instead of Parliamentary trains.

1573. With a higher rate of fare?—Yes, except to competitive points.

1574. With reference to the suggestions which you made as to the exemption of all fares, I presume that the advantage of that would be that the companies might then arrange their time tables and their fares as seemed good in their own eyes, and run express trains to the places where they thought it desirable to do so, without losing the exemption so long as they carried the passengers under 1 *d.* per mile?—Yes.

1575. That would give them greater facilities to accommodate the public than the present system does, would it not?—The exemption of all fares at or under 1 *d.* a mile would then include excursions.

1576. And it would give them greater facilities by not obliging them, in order to obtain exemption, to stop at every station?—Certainly; an excursion train would run from London to Brighton, or from London to Dover, as it does now, and to Ramsgate and Margate, upon which the companies pay duty, and it would then be exempt.

1577. Taking the case that you mentioned on the London and North Western Railway, supposing that the London and North Western carried on the passenger from Crewe to Carlisle at less than 1 *d.* per mile, they would claim exemption for that portion of the route, although they did not stop at intermediate stations; and to that extent it would be an advantage to the passengers, would it not?—Yes, they are carrying passengers now at 1 *d.* per mile to Carlisle, but they are paying the duty.

1578. But it would be an advantage to their passengers if they could extend that system, would it not?—Yes.

Sir *Harcourt Johnstone.*

1579. Practically the effect of this recent judgment is that, where railway companies have a special statute, allowing them to add the tax to their ordinary third-class fares, you receive a duty which is practically levied by the powers of the statute on third-class passengers?—Yes.

1580. And therefore this tax is, to that extent, a detriment to third-class passengers, is it not?—It is.

1581. The railway companies having the power

Sir *Harcourt Johnstone*—continued.

of charging it?—Yes, in the case of the five companies that have that power.

1582. And therefore it is not an unmixed good to the travelling public?—Certainly not.

Mr. Serjeant *Spinks.*

1583. In this system, which is adopted by the Caledonian and Midland Companies, of paying by the per-centage system, do I understand aright that it is not necessary for their trains to stop at the different stations to obtain the exemption?—Yes, it is 28 per cent. of the third-class passenger traffic on the trains approved by the Board of Trade; the time tables go on in the same way, but they may not stop at all the intermediate stations, but they may stop on sections; I endeavoured to show you that, practically, it was almost the same as the mileage; I remember that at the time of the arrangement with the Midland Company, Mr. Allport pointed out to Mr. Melvill the extreme difficulty that he would have in running out his mileage over all the little portions of line where he carries third-class passengers all day and every day all the year at a penny a mile, and stopping at all the stations.

1584. Then the law is applied to that system as to others, in spite of this per-centage composition?—All those arrangements are capable of recall; they are not irrevocable; the circular letters all show that the account is to be rendered provisionally until further notice.

Mr. *Leighton.*

1585. Is it not a moot point among railway companies whether they can charge the duty in addition to a penny a mile, and at the same time get the exemption; do not the railway companies maintain that they have a right by law to charge, in addition to the penny a mile, the duty, and that they would then still come under the exemption?—I never heard that urged.

1586. As a matter of fact, you would not allow it?—Certainly not.

1587. In the suggestion which you made in regard to the assessment of duty, do you think that the advantage is on the side of taxing the gross receipts as against the net receipts?—My scheme did not apply to the profits; I spoke of the fares only.

1588. But gross passenger traffic, I presume, means gross receipts from passenger traffic?—It does.

1589. Do you think that the advantage lies in taxing the gross receipts rather than the net receipts?—Yes.

1590. Do you think that there is any difficulty in the case of those railways which gain their gross receipts at a very large expense, as against those railways which gain their receipts at a comparatively small outlay?—That difficulty would come up.

1591. But you do not think that that outweighs the advantages?—It is not a simplification.

1592. It would be more just, I presume?—Yes.

1593. But you think the difficulty with regard to making the accounts more complicated overweighs the advantages with regard to the abstract justice of the thing?—Certainly.

1594. In your suggestion you propose, do you not, that all the traffic under a penny per mile should be exempt?—At or under a penny per mile.

1595. That

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Mr. *Rickman.*

9 May 1876.

Mr. *Leighton*—continued.

1595. That is to induce railway companies to run cheap trains?—It is.

1596. Are not the working classes now the greatest customers of the railways?—They are.

1597. The third-class traffic has developed more than any other, has it not, of late years?—It has.

1598. Do you think that the working classes and the third-class passengers ought to have exceptional legislation in their favour?—No.

1599. Then why do you propose that the railway companies should have the exemption with regard to carrying them?—It is for uniformity.

1600. But if they were regarded as part of the public, and the railway duty was charged upon the whole passenger traffic without any exemption, then every class of passengers would be treated alike, would they not?—They would.

1601. In the proposal that you make, the third-class passenger would have an exceptional advantage, would he not?—Precisely.

1602. Then it comes to what I say; you think that the third-class passengers ought to receive exceptional advantages at the hands of the Legislature?—They have hitherto.

1603. But do you think that that should be continued?—I do.

1604. Why do you think so?—Upon the abstract principle upon which the exemption should be granted upon all fares at or under 1 *d.* a mile.

1605. But I want to know why the working classes should have an exceptional advantage granted to them by the Legislature?—But I contend that it would not extend to the third-class passengers only.

1606. It is an inducement for the companies to run cheap trains; that is to say, for the poorer class of passengers to have the advantage of the line?—The better class of passengers would get it in the second-class fare and in the first-class fare.

1607. Only in cases of a penny per mile and under?—That is all.

1608. Do you think that there is any reason why those who cannot afford to pay high-class fares should receive any exceptional advantages from the Legislature?—The previous Acts have always pointed to the conveyance of the poorer class of passengers.

1609. I know they have; but do you on principle think that the position of the working classes at the present time is such that they still require to be exceptionally favoured?—It really comes to this; do I think that the working men should be taxed?

1610. It is an exceptional advantage which you propose to make; you propose that all other fares should be taxed by the Legislature, but that the penny per mile fare should not be taxed?—But that the penny per mile fare does not apply to the working men only.

1611. Does it not apply to them chiefly?—No, I contend not; I contend that if there were no duty to pay, it would be an inducement to railway companies to lower their second-class fares.

1612. Then it would be the second and third class fares that you think should be exceptionally favoured?—I do not think that there should be any exception; but if railway companies choose to bring the first-class fare down to 1 *d.* a mile, I say then, let exemption be granted.

Mr. *Leighton*—continued.

1613. Then it comes to this: that you think that the Legislature should interfere with railways in order that they should run cheap trains?—I should not like to express a decided opinion one way or the other; but I was asked by the Honourable Chairman to say what was the best substitute that could be given in place of the present mode of levying the duty. I expressed the opinion that the exemption from duty on all fares at or under 1 *d.* per mile would be a just solution of the difficulties, and I contend that it would be a premium to railway companies to issue tickets, whether first, second, or third class, at fares less than 1 *d.* per mile under exceptional circumstances, and under those circumstances exemption from the duty would be granted.

1614. Do you think it would be just that the Legislature should interfere for the sake of inducing the railway companies to run cheap trains for whatever class?—I do.

1615. I suppose the working classes would use such trains more than any one else?—I am not so sure of that.

1616. We have been told by one of the former witnesses that the railway fares were governed by competition, and not by exemption; do you agree in that opinion?—Under certain circumstances it is so.

1617. Then in those cases this exemption would not have effect, would it?—No.

1618. Another suggestion which you also thought just, was also that a fixed sum should be assessed on the railways, say 700,000 *l.*, and that it should be divided amongst them?—I was asked what the effect of that would be.

1619. And you thought that it would be just, did you not?—If the 700,000 *l.* was fixed as the maximum sum to be assessed, then if it were fairly divided amongst them there must be an equitable arrangement.

1620. Would you think that a fixed sum now would be a proper way of dealing with railways; would it not interfere with the development which the company may expect from the railway duty, supposing that it continues?—The revenue would be expecting more money if the duty was kept on in the present mode. There can be no doubt that, even at this rate of 740,000 *l.* for the year 1875, under favourable circumstances the revenue for 1876 may be 760,000 *l.*

1621. By a fixed sum, do you mean that it should be a fixed sum which should not increase year by year?—I was asked whether a fixed sum could be named as an equivalent, as I understood the question.

1622. It could be named as an equivalent for one year, but not for future years?—No.

1623. Do you consider that the goods traffic is upon a different principle from the passenger traffic, and should not be taxed?—I do.

1624. Do you consider that there are any railway companies so exceptionally situated that they should be exceptionally treated; such, for instance, as the metropolitan lines?—That was in my mind.

1625. Do you think that they ought to be treated upon a different principle from other railway companies?—There might be special legislation for urban and suburban lines. The thought that was running in my mind with regard to that, would be an exemption from duty upon fares up to and including 1 *s.*

1626. What

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Lord *Claud Hamilton.*

1626. What would you call a suburban line; how would you classify suburban lines?—Clapham Junction, for instance, and Kensington.

1627. Would you lay down some arbitrary rule as to what was not a suburban line?—I suppose it would result in a radius from a central point. That may be applied to any large town. There is a suburban traffic in the neighbourhood of Liverpool.

1628. Therefore, you would not apply it exclusively to London if the principle was sanctioned?—I think it would be hardly fair.

Mr. *Macdonald.*

1629. You stated, did you not, that in 1868 you found that the North Eastern Company had not been paying the tax, and that there was a debt owing of 50,000 *l.*?—Not an ascertained sum, but an approximate sum.

1630. Was any portion of that sum ever paid?—No.

1631. In being asked the question why the money was not recovered, that the decisions of the Court of Exchequer yielded you, you answered, did you not, that it was because the difficulties were great?—The difficulties were not great after the decision in the Court of Exchequer; the difficulties were great before.

1632. Were there any greater difficulties with any of the other railways than there were with the North London?—Yes, the difficulty of ownership; it was a question of degree.

1633. Are the Inland Revenue in the habit of abandoning claims against individuals if there are difficulties in the way?—Not in the minor taxation in small matters.

Chairman.

1634. In larger matters, with regard to individuals, do they make any relaxation?—There is a lowering of the fine, if I may use the expression. A fine is imposed upon a maltster for certain things, but the total penalty is not always inflicted.

Mr. *Macdonald.*

1635. That is not the point. You say that the difficulties were greater, but still that the duty might have been recovered; if an individual owes the Inland Revenue 10,000 *l.*, are you in the habit of abandoning the claim, because of difficulties in getting the money?—Not against a single individual.

1636. Then you treat these wealthy corporations on entirely different principles from those on which you treat single individuals?—Only in consequence of the insuperable difficulties that present themselves.

1637. But you have admitted already that there were no further difficulties than that of the North London?—It must have taken years to have filed the information; it would not have been heard now.

1638. Is it not the duty of the Inland Revenue to collect taxes?—It is.

1639. Have they any other function to perform?—None.

1640. Then they are not committing a dereliction of their duty if they do not collect them?—I should not like to express an opinion.

1641. Do the railway companies make a return of the number of persons that they carry with free tickets and free passes along the line?—No.

1642. Do they pay anything upon those that they carry for nothing?—No, there is no return made of them.

Mr. *Macdonald*—continued.

1643. Therefore they take no money, and do not pay any tax upon that traffic?—Certainly not.

1644. You say that the North Eastern Company always paid the full per-centage for engine hire, and that it also paid for the passengers upon the entire sum drawn?—Yes.

1645. How many railway companies did the same thing?—Not many.

1646. Were not all railway companies bound to do the same thing?—According to my view of the law, they should have done so.

1647. Can you tell me how many railways paid in this form?—The Great Western Company have never paid upon engine hire.

1648. Did you ever make a claim against the Great Western Company for engine hire?—Yes.

1649. Why was the claim not enforced?—It was waived like a great many others.

1650. Waived by whom?—By the Inland Revenue, awaiting a decision. These points were intended to be tried.

1651. That brings me to another question. You said that you dealt with the railways upon the give-and-take principle?—Yes, in the settlements.

1652. Can you explain to me what the give-and-take principle is?—The railway companies contended that there were a great number of items which were not liable to duty, and at the time of the inspection it was contended that they were liable to duty. For instance, take the case of a railway that had not paid the duty for special trains, that had not paid for third-class season tickets, that had not paid for third-class workmen's weekly tickets, that had not paid for third-class return tickets, that had not paid for third-class single and return cheap fast tickets, that had not paid for third-class cheap Sunday tickets, that had not paid for Saturday to Monday tickets, and a variety of other items; on the arrangement concluded for a settlement of all these matters without going to law, special trains, engine hire, would be paid upon, third-class season tickets would be paid upon, Sunday tickets, no luggage allowed, would be paid upon, third-class Saturday to Monday tickets would be paid upon, Sunday return third-class excursion, no luggage allowed, would be paid upon, third-class return Mondays and Thursdays, with no luggage allowed, would be paid upon, and various other items; and the duty has been paid upon that proportion, the supplementary account having been rendered, all the other points having been waived subject to a decision to be given in a court of law. When I speak of the give-and-take principle, I do not mean to say that we should never go back and ask for this duty, if a case had been brought into court representing all those items.

1653. In short, you took it in the form in which they were willing to give you it?—The best we could get; the best figures that could be arrived at.

1654. So that, virtually, by the process which you have indicated, the railway companies collected the money according to their own views?—Those are only exceptional items, but the gain to the revenue since that date has been that as regards all the controverted items on which they paid the duty, they have continued to do so.

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Mr. *Rickman.*

9 May 1876.

Mr. *Macdonald*—cotinnued.

1655. You stated, I think, that you made your collections on distinct orders?—I am not a receiving officer, or a charging officer.

1656. But you made your accounts for collection upon distinct orders?—I made my report as to the exact condition of any particular line as to its mode of rendering the duty; and that report going before the Board, and from them to the Solicitor of Inland Revenue, would be dealt with by an express order of the Board.

1657. So that there was, or there frequently has been, a difference in the collection of the sums that you found should have been paid?—Yes.

1658. With which railway did that most frequently occur, or is there any railway that you could specially point out?—I would take any railway that the honourable Member would select for an example.

1659. Take the South Eastern Company?—Perhaps it would be more convenient for me to give you the precise history of the inspection of the South Eastern; it appears that the first question raised with the South Eastern Railway Company was in December 1871, when there was a report to the Board on Christmas holiday arrangements; it was considered that in the case of the extension of time for which return tickets were available during the Christmas holidays, the money derived from those fares would be liable to duty as they were season tickets for a short period; it was never pressed, and never carried to a conclusion.

1660. What was the sum of money that you estimated?—There was no ascertained sum of money in that case: the next matter was a clerical error in the Clearing House account; that was so palpable that the amount of the clerical error was 7,433 *l.* 6 *s.* 3 *d.*, and the duty at five per cent. was paid; there were a good many of those clerical errors, and they were always punctually and immediately paid up; when an error was one of omission, it was immediately atoned for. Then there were some trains not running six days in the week, and the 26th & 27th Vict. c. 33, s. 44, which you have heard quoted before, distinctly states that the exemption from duty should not be granted to any train not running six days in the week; a great number of such trains existed on the South Eastern Railway, of which the traffic amounted to 2,702 *l.* 18 *s.* 6 *d.*, and the duty, 135 *l.* 2 *s.* 10 *d.*, was promptly paid. There then came a total claim against this company, under 10 items; I have not got the exact particulars here, but I have the amount; the total amount of the traffic was 97,091 *l.* 13 *s.* 7 *d.*, and the duty on that would be 4,854 *l.* 11 *s.* 8 *d.* A great deal of correspondence and many interviews took place in connection with this matter, and three of the principal participators in the negotiations passed away; Mr. Eborall, the respected general manager, Mr. Cairns, the solicitor to the company, and Mr. Dwelly, my able colleague, and the chief clerk of Mr. Melvill. The result was, that of that 97,091 *l.* 13 *s.* 7 *d.*, the items consented to be waived conditionally amounted to 75,451 *l.* 8 *s.* 6 *d.*; the items embraced in a supplementary account then rendered by the company amounted to 21,637 *l.* 5 *s.* 1 *d.*, upon which duty was paid to the amount of 1,081 *l.* 17 *s.* 3 *d.*; the company then undertook that their time tables should be brought into conformity with the views entertained by the

Mr. *Macdonald*—continued.

Inland Revenue, and up to that period all difficulty was at an end.

1661. That was rebating a sum of how much?—Three thousand three hundred and seventy-one pounds.

1662. Is that the last item?—I think that I told you that the amounts previously paid were 337 *l.* 13 *s.* 4 *d.*, 125 *l.* 2 *s.* 10 *d.*, and 1,081 *l.* 17 *s.* 3 *d.* The total duty recovered was 1,588 *l.* 13 *s.* 5 *d.*

1663. You told us that you took the month of November as the basis upon which to found the account as to the traffic of the three preceding months?—Yes.

1664. Was it you that took that basis, or was it the basis offered to you?—October was first named, but the general managers of several very large lines came to Somerset House and pointed out the impossibility of fitting the accounts at that time, or rather bringing the accounts to bear upon it, and it was put off until November.

1665. Do you think, as having perfect knowledge of those accounts, that November was a proper month to take?—I have explained that considering that each company had not only to pay for itself but for the traffic which it had lifted for other companies during the four months of July, August, September, and October, November was a fair and average month (I do not mean to say that it was pressing upon the companies) to take; because they had to alter the whole of their classification to fit those arrangements, and it could not be done at the moment. While the negotiations were going on, July, August, and September had passed, and the Clearing House had been allocating the different items of traffic to each railway; and, therefore, it would have been a superhuman work for any person to have gone and shifted all those responsibilities back upon the several companies which had to pay the money.

1666. You mentioned, did you not, that the London and North Western Company had power to increase the rates over the 1 *d.* per mile, or to take the passenger duty from the passengers?—Yes.

1667. You said that you thought that they had taken it at the rate of 50 per cent. in some instances?—Yes, I believe they have.

1668. Have they not taken in some instances 100 per cent. as passenger duty?—They have. Perhaps it would be desirable for me to explain to you how I know that such is the case.

1669. I wish for that explanation?—There was a formal complaint lodged from the city of Manchester as to an increase of the fares upon the London and North Western system as connected with the city of Manchester. It seemed rather a difficult thing to understand at first, but it was found that the ordinary Parliamentary fare from Manchester to Ordsall-lane would be 1 *d.*, and that before the alteration there were a great many trains at that rate during the whole of the day; but that after the alteration which took place in the mode of arranging their trains in January 1875, there was only one train each way daily between Manchester and Ordsall-lane by which the passengers could travel at 1 *d.* a mile, the whole distance being under a mile; and for the rest of the day it is 2 *d.*

1670. So that they take the full extent of the money for the tax from the passenger?—A penny would

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Mr. *Leighton*—continued.

would represent a good deal more than 5 per cent. upon a penny.

1671. Have you any idea whether any other railway companies followed the same course?—Yes, I have no doubt that the five other companies that had the power to do so, did it.

1672. What are those five companies?—I am not quite sure whether I am correct, but I think they are the London and North Western Company, the Great Western Company, the Great Northern Company, and the London, Brighton, and South Coast Company. The South Eastern Company have not the power, and it is a moot point whether the London, Brighton, and South Coast Company have the power to charge it over the whole of their system. That was pointed out, I think, to this Committee by Mr. Melvill.

1673. Have you any idea if the London, Brighton, and South Coast Company has not, in some instances, charged more than 100 per cent.?—I could not say.

1674. Do you know any other of the five companies that have charged more than 100 per cent.?—No.

1675. You were asked the question, if there was any reason why the working class railway fares should be cheaper than the others or should have exceptions; I suppose that anyone can go into the lowest priced carriages if they think fit?—Certainly.

1676. There is no hindrance, is there?—Not at all.

1677. It is a matter of choice; and if those who have hitherto travelled at the high rate choose to travel at the cheap rate, they have the same facilities, have they not, as those who choose to continue to travel at the cheap rate?—Yes; you may see a nobleman and a chimney sweep enter the same carriage, if the nobleman is so inclined.

1678. Is it your opinion, you have very great knowledge upon these subjects, that the passenger duty has in any way hindered the development of railways?—No, I think not; I do not think that the passenger duty would hinder the development of a railway.

Chairman.

1679. What do you mean by the development of railways?—The increase of railways; I do not think that a projected railway would be nipped in the bud by a duty of 5 per cent. levied upon its passenger traffic.

Mr. *Macdonald.*

1680. It has been stated here, with considerable authority, that the working of the existing Act is in effect to promote false declarations and the making of evasive payments; is that your experience?—No, certainly not; I think that in justice to the allusion which has been made to my name in Mr. Forbes' evidence, I may be allowed to say a few words. I do not think that Mr. Forbes intended his words to convey the impression that is conceived here; at Question 138, Mr. Forbes said that I waded through a mass of figures of a particular period, but that I was obliged to take a great deal upon trust; now I demur to that altogether.

1681. You take nothing upon trust?—I should take nothing upon trust. I will explain to the Committee how it is impossible for me to take anything upon trust.

Mr. *Macdonald*—continued.

Mr. *Rickman.*

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1682. I am anxious that you should state that clearly?—I have the power to go to the books from the very moment when the passenger pays his money at the wicket until it reaches the coffers of the company; and through all those gradations it is impossible that I should not see where there was a misappropriation of the fares; the coaching traffic book, which I have not had an opportunity of fully explaining in my evidence in chief, and which is kept under the supervision and by the direction of the Honourable Commissioners of Inland Revenue, should be framed in the following manner: It should open to represent the traffic for one month, and down the side should be placed the names of all the stations connected with that railway; then a tabulated statement follows of the number of passengers carried by each particular class, and the amount taken for those passengers, with a broad circumflex showing the portion liable to duty, and the column at the extreme right should show the traffic which is exempt from duty; of course the ordinary traffic from a station to any point would fall naturally into the exempt column if it consisted of fares derived from passengers carried at less than a penny per mile; there may be at the end a variety of traffic of one sort and another, which has to be added, such as, for instance, soldiers, police, and sailors, which are not shown in the ordinary passenger traffic, but which are put in under an order, soldiers travelling by order of the War Office, and sailors by order of the Admiralty; and it is particularly provided by Treasury Minute that they should be exempt; therefore if I felt any doubt in my own mind as to the accuracy of the returns that have been made, I should not be satisfied with the bare figures which appeared in the coaching abstract, but I could go and see, and I have gone through (and that is what Mr. Forbes means by my going through masses of figures) the station abstracts, and compare the entries from them with the coaching traffic book, which brings the traffic for the month up to the duty or exempt point.

1683. There is one point upon which I want some information. It was stated by Mr. Melvill that in 1872 a sum of 4,500 *l.* was due by the South Eastern Company, and that 1,081 *l.* was paid; will you explain that?—That is the matter which I have just explained to you.

1684. After the Inland Revenue had in their possession the sum of money, they rebated back 900 *l.* to the South Eastern Company, did they not?—This is the rebate of 900 *l.* to which Mr. Melvill referred, and I think he gave you his reasons for so doing.

1685. The reason why I am asking you the question is, because there was some difficulty in Sir William Stephenson's mind in respect to that item; it is quite correct that 900 *l.* was rebated to the South Eastern Company, is it?—It is.

1686. We heard in former evidence that there was litigation started against the Metropolitan, and the Metropolitan District Railway Companies, but that that litigation was withdrawn; can you tell us anything of the reasons or conditions of the withdrawal of that litigation?—There is my report which was made to the Board on the 4th of May 1871, on the inspection of the books and accounts of the Metropolitan Railway Company, showing that in consequence of differential fares, that is to say, the company not charging the uniform rate

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Mr. *Rickman.*

9 May 1876.

Mr. *Macdonald*—continued.

of 1 *d.* a mile to and between all stations, the whole of the traffic became liable to duty; and it would probably save considerable time to the Committee if I may be allowed to bracket the Metropolitan District Company with the Metropolitan Company, for I have no doubt that the two cases run concurrently, and therefore any misapprehension which exists as to the state of the accounts of these companies had better now, I think, be cleared away. After this report as to the differential fares, I see that I prepared a map for the use of counsel. A considerable time was spent in getting out the fares and distances. Finally, this case found its way by information into the Court of Exchequer, and in due time would have been heard. Then there came a settlement of the matter, a withdrawal of the action, and a payment by the Company of 250 *l.*, and a lowering of the fares to meet the requirements of the Board of Inland Revenue.

1687. Then the company paid 250 *l.*, and lowered the fares to meet the requirements of the Board of Inland Revenue; was that the ground of the withdrawal?—That was the ground of the withdrawal, and the same with the Metropolitan District Company; another sum of 250 *l.* was paid, and the fares were lowered.

Mr. *M'Lagan.*

1688. You suggested as a substitution for the present mode, that you would give the exemption wherever the charge was at or under 1 *d.* per mile, whether the trains stopped at every station or not?—Yes.

1689. And that was to apply to every class, first, second, and third?—Yes, it does apply under the judgment of the Court of Exchequer; it is not confined to one class.

1690. I presume that your great object in making that suggestion, is to have as many cheap trains as possible, is it not?—It is.

1691. Not for the accommodation of any particular class, but for the accommodation of classes in general?—Certainly.

1692. And although the poorer classes or the working classes may be the first to be considered, and the classes most directly affected, ultimately, it will affect the higher classes in this respect. I daresay that you are aware that workmen's houses are now being very much built out of large towns, and that it is absolutely necessary to have as many cheap trains as possible, that the workmen may get to their work from their houses and back again?—It is.

1693. By having those houses, the sanitary condition of the country is improved, and the higher classes are benefited, are they not?—It is so. There is one point which the Honourable Member will perhaps allow me to refer to, viz., the extreme hardship that I consider that the railway companies labour under in having to pay duty in the neighbourhood of Aberdeen and many other places for the trains for factory hands, which are special trains going out in the morning and coming back at night; and the same argument is applicable to a large section of the community with which I have no doubt the Honourable Member for Stafford is familiar, the miners. Those are cases in which they go to their work in the morning and are brought back in the evening, and in consequence of the interpretation which we are forced to put upon the Cheap Trains Act, the Inland Revenue officer cannot

Mr. *M'Lagan.*—continued.

have any sentimentalism about him; he is obliged to collect the duty according to the Act, and therefore they do not get exemption at present for those trains.

1694. But according to the plan which is proposed by you, they would get exemption?—They would get exemption, and there being a simplification of the accounts, there would be a great saving of the Clearing House expenses. The Clearing House expenses must be lowered, because instead of having to sift the traffic for duty and exemption, the railway companies having once furnished the Clearing House with a schedule of fares which were under 1 *d.* per mile, they would be classified and arranged, and could be further classified by virtue of an Act of Parliament in the half-yearly returns made to the shareholders, which are the best figures which the companies can possibly produce. I should be quite clear in my own mind that the revenue would get the largest figures out of the half yearly return, because, as I have already stated, it is the best figure that could be placed before the public.

1695. A question was put, I think, by the Honourable Member for the Tower Hamlets to a former witness on the supposition that you were to abolish the present system of paying 5 per cent. upon your traffic, and that you were to fix the sum paid by all the railway companies at the present time, and make it a tax upon the railways without increasing that tax in future; what would you say to such a scheme as that, allowing the traffic to be developed without paying a percentage upon it, but paying the duty that is paid at the present time?—That is a very fair proposition.

1696. As an official, you would see no objection to that?—If the Legislature sanctions a fixed sum, I should see no objection to it, the sum paid at present being slightly raised, to account for any little inadequacy that now exists in the mode of payment, or the peculiar position in which we are placed.

1697. That would do away with questions that have been raised with regard to the vexatiousness of the tax, and keeping the accounts and other things, would it not?—Yes.

1698. And it would simplify matters generally?—It would.

1699. Do you see any reason why the tax should not be abolished altogether?—If the duty was taken off the railway passenger, it must be put on to the shoulders of somebody else.

1700. There is a certain sum collected now in that way, and if you abolish that, you would require to collect it either by an additional penny upon the income tax, or in some other way?—It has often been suggested to me by gentlemen connected with railway accounts, although they were pleading for a total repeal of the duty, that they supposed that they individually should have to pay a penny in the £. more.

1701. In the plan which you suggested, about the exemption being applicable to fares at or under 1 *d.* per mile, what would you do with the fraction of a mile?—That is under the Farthings Act, 21 & 22 Vict.; Mr. Forbes dealt at great length with the hardships connected with the Farthings Act. The difficulty is this: that you must run 40 chains over the mile before can get 1½ *d.* fare, and then you must run two miles before you can get 2 *d.* It appears to me that he wanted the standard somewhat lowered, and

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Mr. *M'Lagan*—continued.

and that something over a mile should be charged 1½ *d.*, so that he could get his 1½ *d.* without running the entire mile-and-a-half. As the law stands at present, to the first station out, whether it is 10 chains or 70 chains, the company are empowered to charge 1 *d.*; but they cannot aggregate it on to the length; that is to say, that if the next station is one mile 39 chains off, they can only charge 1 *d.* to the next station. That is the extreme difficulty under which the two metropolitan lines are labouring at the present moment.

1702. What would you suggest to get them out of that difficulty?—They should be allowed to charge for a lower fraction of a mile than they are allowed to charge for at the present moment.

1703. If the distance travelled were anything up to a mile-and-a-half and over a mile, you would allow them to charge 1½ *d.*; and for anything over a mile-and-a-half and under two miles you would allow them to charge 2 *d.*?—Yes, that would be a solution of the difficulty; but I would not allow them to aggregate it on to the long fares. A great many of the railway companies have power by their local Acts to charge as for three miles; that was the case with the North Eastern Company at the High Level Bridge, at Newcastle-on-Tyne; but when we pointed out that by doing so they vitiated the whole of their cheap train arrangements, the fare was at once lowered to 1 *d.*, and there has been a clear gain to the public by that fact, that whereas they had 3 *d.* to pay to get to Gateshead by the North Eastern Railway, they only pay a 1 *d.* now, and the whole of the *bonâ fide* cheap train traffic of the North Eastern Company becomes valid. It was a great question whether if legal proceedings had been taken, it was not possible, under the powers vested in the Board of Inland Revenue, to have taxed the whole of the receipts of the North Eastern Company without reference to the Board of Trade, or anything else, for the violation in charging 3 *d.* under their local Act, in contrariety to the public statute.

Chairman.

1704. Was it to charge 3 *d.* for the mile, or to charge it as for three miles?—To charge it as for three miles.

1705. You have been asked with regard to a suggestion that a sum should be fixed for all the railways in England to raise amongst themselves to go into the revenue (merely by way of illustration, say 500,000 *l.* per annum); have you any data or any means of information from which you could form an estimate as to what, in the course of a few years, might be the probable increase, applying the law as now laid down strictly, to the railway companies?—No, I could not give that off-hand.

1706. I do not imagine that you could give it off-hand; but have you any data or means of information that would enable you to give an approximate estimate as to what, say in the next 5 or 10 or 15 years, will be the probable demand made upon the railway companies if this law as it now stands is carried out in its strictness?—I have no doubt that I could do so.

1707. I do not know that you could assume that the growth of railway traffic in the next 5 or 10 years will be what it has been in the last 5 or 10 years?—In the next decennial period, I should think that the rate of progressive

Chairman—continued.

increase will not be so great as in the last; I think that there is less development of railways at this moment.

1708. There is the increase of population to be considered, and there is the habit of locomotion to be considered; taking those two elements, do you think that you could safely rely upon the last five or ten years as a guide to what the next five or ten years will bring forth?—I think so.

1709. I will not venture to suggest to you how you are to make it out; but if you can give us any information, in which you have confidence, and with which you can supply us, I think we should be glad if you would let us have it; we know that now the duty is about 700,000 *l.*; what, in your judgment, would be the probable increase during the next five or ten years which, by a strict application of the law, as recently decided (not by arrangement or compromise), might be expected from the railway companies?—I will endeavour to form an estimate of that.

Mr. *Macdonald.*

1710. You stated that you had arrived at a different conclusion from that of Mr. Melvill; your opinion as to the amount of arrears is that it is under three millions?—Yes.

1711. That is your deliberate conviction?—It appears to me to be a very simple arithmetical calculation. If eight years gives 700,000 *l.*, what will 30 years give? The conclusion that I have arrived at is, 2,625,000 *l.*

Chairman.

1712. But there is a fallacy in your calculation, I think?—The companies in the earlier period were within the law. I have clearly proved that the London and North Western Company in 1866 had only one train each way daily upon which they claimed exemption.

Mr. *Leighton.*

1713. But then the railways were not so much developed; and you take the sum which they ought to pay at 700,000 *l.*, and you take that as the sum which they ought to have paid 20 years ago?—Then this sum of 700,000 *l.* is too large; and that clearly proves that 5,000,000 *l.* must be still too much.

1714. It shows that your calculation is wrong if the railways were not developed to anything like the same extent 20 years ago?—I think that Sir William Stephenson told you in his evidence, that the total exemption that could be arrived at by all the figures that could be got together only gives 6,000,000 *l.*; and I contend that the exemption figures that we have been dealing with have been swollen by a mode of treatment which, perhaps, I have not had an opportunity of explaining. The No. 4 account not only contains the sums lifted by the individual railway company at its own stations, but it also contains the sums of money that other companies have lifted for that company, and paid over to them as exempt. Therefore the 140,000 *l.* shown in this month of the London and North Western Company's returns may represent traffic which belonged to another line. I do not say that they have not treated it properly here, but I have found cases where the exemption has been unduly enlarged by the treatment of those figures.

1715. Without

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Mr. *Rickman.*

9 May 1876.

Mr. *Samuda.*

1715. Without wishing to convey in the smallest degree that you are wrong with regard to your three millions, all that the Committee wish to call your attention to is this; that as regards the 700,000 *l.* it would be only three years that you have to take it over?—Eight years is the time to which the return which has been presented to this Committee applies; that is to say, from 1866 to 1874, and the whole period is from 1844 to 1874.

Mr. *Leighton.*

1716. You have taken the position of railways from 1844 as being the same as it was from 1860?—You must apply an abstract principle if you spread it over the whole period.

Mr. *Bruce.*

1717. I think you told me that you had really no material upon which to go as to the value of the exemption, or as to the proper duty during the earlier period?—It could be arrived at, but it would involve considerable labour. I will devote the time between this and Friday to looking over the accounts, and then getting up some of the time-tables from the repository, and I think that I shall be able to show you that some of the railways that have been debited as owing the money in the account referred to, did not in the earlier years owe any money at all. Many companies began in 1873 to increase the exemptions when they came in connection with the London and North Western and the Great Western Companies, who put third-class carriages on to all trains, and they were obliged to do the same. A train corresponding with a Great Western train, although it did not stop at all the stations of the little line, if Great Western passengers came, was bound to carry them on even if it was only a first and second class train, and the whole of the ticket at the Clearing House determined whether it was liable to the duty or exempt from the duty.

Mr. Arthur L. Haliburton, called in; and Examined.

Mr. *Haliburton.*

Chairman.

1718. What position do you occupy at the War Office?—I am Assistant to the Director of Supplies and Transports, whose branch deals with the transport of the army all over the world, and, amongst other places, on the railways in England.

1719. In that capacity you have had to deal, I presume, with the railway arrangements and the charges for the transport of troops?—Yes.

1720. A letter has been sent to the Committee by the Under Secretary for War, in which he states that he wishes the Committee to take some evidence and to hear the views of his department with reference to the passage of troops in the United Kingdom over railways; you are, I believe, prepared to give the Committee evidence upon that subject?—Yes; I think you have also had before you a memorandum from Mr. Clode, the Solicitor of the War Office, dated 20th April 1876, which states the War Office theory of the thing, and explains how far we have a right to certain concessions from railway companies on public grounds, and I am now prepared to give information in detail as to where we think we pay too much now for what we get.

1721. What is the original Act under which you come?—I think that it is 7 & 8 Vict.; it was passed in 1844. The charges we now pay were laid down then as not to exceed such and such rates; no machinery was ever invented for altering those rates, and the consequence is that they have remained the same to this day, while the charges to the general public have been reduced in some instances more than 50 per cent.

1722. What are the rates?—We pay 2 *d.* a mile for an officer's ticket, and 1 *d.* a mile for every private.

1723. Are those charges when they are off duty or on duty?—On duty only.

1724. What would be done in the case of a soldier going on furlough?—He would travel as a private individual; but the railway companies are very glad to get him at 1 *d.* a mile, because as a rule it is higher than their ordinary rate; and therefore they take an order for his carriage from the paymaster of his regiment, and they charge it at the Government rate, and the money is paid by the Government and recovered from the man.

Chairman—continued.

1725. What gain is that to the railway company?—Because their fares are very often below 1 *d.* a mile.

1726. But supposing that they are above 1 *d.* a mile, what then?—A third-class fare is generally below 1 *d.* mile, so that the company never object to take them, and they do take them at the Government rate.

1727. What are the officers' rates?—Their rates are 2 *d.* a mile, and they were the same in 1844. In 1844, I find that the rates to the public were about 3·34 *d.* for a first-class ticket; that was the average rate, and 1·31 *d.* a mile for the third class. At that time we paid 2 *d.* a mile and 1 *d.* a mile; 2 *d.* a mile as compared to 3·34 *d.*, and 1 *d.* as compared to 1·31 *d.* The ordinary first-class fares now, instead of being so much above ours are really below them, and we pay more instead of less than the public. If we move a regiment of 1,000 men we pay more in proportion for each man than any one man would pay for himself. I do not think there is much controversy between us and the railway companies about this; in fact, they admitted it themselves before the Joint Committee of the two Houses through Mr. Cawkwell, who said that we had a claim, and that they would consider the claim when the Government considered the passenger duty. That is the reason the War Office wish to bring the matter to your notice, in order that it may not be overlooked.

1728. Knowing that the railway passenger duty was being now considered, the War Office thought that it was the time to alter the arrangement?—Yes; we wish to bring to notice that there is a small set-off, a mere bagatelle, of course, compared to the railway passenger duty.

1729. What was the amount which was paid last year throughout England by the Government for the passage of troops?—I should think that we pay about 150,000 *l.* or 170,000 *l.* a year.

1730. Does

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Chairman—continued.

1730. Does that include the carriage of stores?—Yes, that includes stores and troops; it varies in different years, according to the movement of the troops.

1731. Do you mean in Great Britain and Ireland?—In Great Britain and Ireland. There is a very curious, though not at all an exceptional, instance which I have got where the difference in rates charged to Government and to private individuals is strikingly manifested. We had, a few years ago, some manœuvres at Salisbury Plain, and there were some Scotch volunteers who wanted to come to those manœuvres, and they made a special agreement with the railway company to bring them over (I forget whether it was the London and North Western Company or the Great Northern Company; I think it was both) at ·35 *d.* per mile. If we had sent regiments of the same strength it would have cost us 3,500 *l.* more for that service than it cost the volunteers, who came as armed men with their knapsacks and rifles.

1732. Are volunteers exempt when going to drill?—No, not by Act of Parliament; but the militia are; they are regular forces.

Mr. *Samuda.*

1733. Do you include the amount paid for the transport of militia in the 170,000 *l.*?—Yes, I think there is about 35,000 *l.* or 40,000 *l.* a year spent in the conveyance of the militia.

Chairman.

1734. Will you state what is the case on the part of the War Office?—Our case is that the adjustment of rates which took place in 1844, when we paid more than one-third less than the general public, is quite reversed now, and that we pay more than the general public and that we should have a new rate which would re-establish the proportion of 1844. The way in which we look at it is, that railways should carry passengers for the Government at some rate which does not entail a loss upon them; but not at the same rate as they carry the public at.

1735. It would be a concession on the part of the railway companies now, would it not, if they made a reduction in the price of carriage?—I do not think that it would, because the Act says, "at rates not exceeding a certain sum;" but we never had any machinery for arriving at a reduction of rate; it ought to have been a sliding scale, really, and should have adjusted itself as the rates to the public varied.

1736. As the law stands now, it would be a concession on the part of the railway companies, would it not?—It would be a concession in the sense that they would take less money; but we are really in the hands of the railway companies, and they refuse to us concessions long since granted to the public.

1737. And they like to exact their rights, and they charge you more than ordinary passengers?—Yes; and they do exact their rights, or rather, what we consider to be a wrong.

1738. Then, if any alteration is made, it would be a concession upon their part?—Yes; of our rights, as we understand them.

1739. In the several Private Acts which have been passed, I do not recollect that any special clauses have ever been introduced with regard to the carriage of troops?—No; I do not think that since 1844 there has been any allusion to it.

Chairman—continued.

1740. There have been a great many Railway Acts passed connected with military districts; for instance, the London, Chatham, and Dover Railway, and others, but there has never been any attempt on the part of the War Office to get any reduction in Private Bills, has there?—No; it has been brought to the notice of Parliamentary Committees once or twice, but I do not think that Acts have resulted from the Reports of those Committees; they were abortive Reports, and nothing was done. In 1872, for instance, I gave evidence before a Joint Committee of the two Houses, and they made a recommendation upon the subject.

1741. Is it under a general Act?—It is under a general Act. Then to arrive at the rates which will pay the railway company, and therefore upon which the rates charged to the public ought be based, I find that volunteers in uniform (it does not require a body of them), attending a meeting for inspection or for rifle competition, are carried for one fare for the double journey; and even assuming that the double fare was 2 *d.* a mile, that would be 1 *d.* a mile, whereas we pay the full 2 *d.* I took at random, out of the books, a certain number of fares, and reduced them all to miles, and I found that on the South Western Railway 2·46 *d.* a mile is charged to the public for 99 miles; that is more than we are charged, and is exceptionally high. On another railway 1·74 *d.* per mile is charged to the public for 166 miles; that is a farthing less per mile than the Government would pay. In the next case, 2 *d.* a mile was charged to the public for 145 miles. Then the next mileages I get are 140 miles, 406 miles, 221 miles, and 150 miles, for all of which the public are charged less than 2 *d.* a mile; some of them are very considerably below 2 *d.*; in some cases they are as low as 1·51 *d.*; that is to say, that the Government in sending even a large number of soldiers would pay a halfpenny per mile more upon every first-class ticket than a private individual would pay; and I find, taking monthly tickets, that they are considerably below the rates that the Government pay. I find that the railways grant to theatrical troups much more favourable terms than we obtain.

1742. What do you propose should be the charge?—We propose, in order to re-establish the proportion which existed at the time when the matter was inquired into and settled by Act of Parliament, that the charge should be 1 *d.* for first class and ½ *d.* for third class, that is taking regiments and individual soldiers together; or we might have two rates, one for large bodies of soldiers moving, and another for individual soldiers, very much as the companies do for excursion trains; but it would be more convenient, I think, to have one settled rate for soldiers, whether moving singly or in large bodies.

1743. An officer has the right of getting a first class ticket at the Government rate on showing his pass at all times, whether he is on duty or not, has he not?—No. In this country an officer generally travels in plain clothes, and he cannot claim the officer's ticket if he do not show something to prove that he is an officer travelling on duty; but I believe that the railway companies, practically, never ask him to do so; they always take a man's word for it.

1744. Supposing that the reductions which you have suggested were given, what saving would that effect in the course of the year?—I propose,

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Mr. *Haliburton.*

9 May 1876.

Chairman—continued.

I propose, also, some reduction in the charge for conveyance of stores; they have charged us since 1844, 2*d.* per ton per mile. I find that in very many instances they charge the public very much less than that, even less than a halfpenny a ton in some cases.

1745. Are you talking of stores or of baggage?—General stores and baggage; all sorts of stores that come from Woolwich and from the manufacturing departments, and that are distributed all over Great Britain.

1746. The inquiry here is limited to the passenger rates; no doubt the War Office is interested in the stores as well, but have you made a calculation, supposing these rates which you have suggested were adopted, as to what the saving would be to your department in the course of the year?—All our grievances hang together. The whole of my evidence really has no necessary connection with the passenger duty; it is merely a question whether it would be taken into consideration when the passenger duty is dealt with. I should think that the saving would be from 30,000 *l.* to 40,000 *l.* a year.

1747. Have the high charges which you appear to complain of, at all prevented the moving of troops, or have they influenced the department at all?—Yes, they have. On several occasions we have had to put off movements, or to alter the arrangements; for instance, on one or two occasions we have sent a troopship to bring the Guards from Dublin to London in order to avoid paying the railway companies exorbitant charges.

1748. If the charge had been reduced, should you have brought them by troopship?—We should not; coastwise traffic is not very comfortable for troops, and we should have preferred carrying them by rail; but, in point of fact, we have built a troopship specially for coastwise service, on account of the excessive charges by rail.

1749. Cavalry and artillery always march, do they not?—Cavalry and artillery always march; for instance, all the remount horses in England we make march, and we would carry them by rail if we could get a reasonable rate from the railway companies. The railway companies have always met us with this: "We acknowledge your grievance, but we will look into it when the railway passenger duty is considered." We think that if anything is done with regard to that, this is a set-off which they would be quite willing to make.

1750. Independently of the actual saving in figures, you believe that it would be attended with advantage to the department if there were cheaper facilities afforded for the moving of troops?—I think so, and I think that it would give more traffic to the railway companies from the Government. I think that many a proposed measure is put aside on account of its cost; its cost being chiefly railway cost, such as projected movements, encampments and so on.

1751. The railway companies, if I understand you rightly, have always admitted that they have an advantage in the present rates?—Yes, they have admitted that they have an advantage in the present rates; and specially I remember a gentleman connected with the London and North Western Railway Company, Mr. Cawkwell, who, I think, in his evidence in 1872, which followed my evidence, admitted that we had a case.

Chairman—continued.

1752. What evidence was that?—It was a Joint Committee of the two Houses upon Railway Amalgamations; it was the Committee out of which the appointment of the present Railway Commissioners resulted. There is another instance in point: a civilian can go from here to Elgin and back, any time within a month for 7 *l.* 8 *s.* 6 *d.* first class. If the Government sent an officer there, they would have to pay 10 guineas; so that we are protected in a way that is costing us a good deal of money; that is our complaint.

1753. Do you think the Government would send more men by rail if they could travel cheaper?—I have no doubt that there would be a greater movement of troops. We constantly have to object to proposed movements in consequence of the cost.

1754. Do you make that objection public?—No, it is not known outside the department; but we say we cannot have the estimates this year quite so heavy, and we must have less movement of troops. We pay for extra baggage of individual officers travelling on behalf of the Government, ½*d.* a lb. for any distance which they travel; but the railway companies take the right of repeating that charge over every line that we happen to pass. If two lines run in connection they charge 1 *d.* a lb., and if three lines are in connection 1½ a lb.; and the result is that we very often pay more than the public pay. The public pay upon a sliding scale; a commercial traveller pays ½*d.* to 1*d.*, whereas we pay ½*d.*, and the general public pay from ½*d.* up to 2*d.* We pay ½*d.* as a universal rate; but we repeat it over every line, and the consequence is that, as a rule, we pay rather more than the public.

1755. Taking the same tonnage, what would that come to, supposing that there were 100 tons?—I am only speaking with regard to the luggage which accompanies a passenger in a passenger train. There is a different arrangement for goods and baggage trains, which I will come to presently, but I am speaking now of the little extra baggage which you may take with you in a passenger train. We think that ought to be reduced to ¼ *d.*

1756. Why do you say ¼ *d.*?—Because I find that that is a very fair rate compared to the concession which railway companies make to commercial travellers and to the public. They are carried as low as ⅛ of a 1 *d.* per lb. by passenger trains, and we consider that Government may fairly demand the most favourable rates.

1757. But are the rates to commercial travellers cheaper than they ought to be as compared with the rates to the general public?—I do not know that they ought to be cheaper to commercial travellers than they are to the Government. We are very large customers to the railway companies; we move a great many regiments and individual officers, and therefore we think we ought to get the most favoured rates. That is apart from the theory that the Government has a right to use the roads free of tolls; that is to say, that we ought to be carried at a barely remunerative rate.

1758. Mr. Clode's view is, that under the Act of 1844 you abandoned that principle?—I should think that, in 1844, in all probability the rates that were laid down were supposed to barely cover the

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Chairman—continued.

the expense, because the rates to the public were so very much higher.

1759. Having reference to the rates which were charged to the general public in 1844, and having reference to the rates which are charged to the general public now, you find that you are charged much higher now than you were in 1844?—Yes, much higher. I find that in many cases the rates to the public have been reduced by one-half since then, while our rates have remained unaltered.

1760. In the figures which you have mentioned have you preserved the same proportions between the military and the public that were instituted between the military and the public in 1844?—Yes, we wish to bring them down to the same standard, and 1 *d.* and a ½ *d.* would about do that, keeping in view the fact, that where we move very large masses of men together, the companies make a good deal of money from us. If we only moved individual men, I would not ask quite such low rates as that.

1761. Is there any inconvenience or any special work entailed upon railway companies by moving large bodies of men?—No, it is a great advantage to them, because the men are marched into the station under military discipline, and then at once into the carriages, under the officers, much more easily than the ordinary public are dealt with. I have heard objections to the removal of soldiers, but those soldiers that you hear rows from are merely men on furlough travelling as private individuals.

1762. In what shape do railway companies, or any railway authorities give you that sort of reply which you have mentioned; that when Government considered the passenger duty, they would think of the railway fares?—I have had a great many meetings at the Quartermaster General's Office, he being present, with the various managers of the different lines; Mr. Cawkwell was one of them, and Mr. Scott. I forget the names of all the gentlemen, because it was some years ago.

1763. I daresay Mr. Grierson was there?—Yes, he was there. They were always very pleasant, and they admitted our case; but this passenger duty always stood in the way, and they always said, "When the Government will meet us fairly as to that, we will meet them in the revision of the rates;" and it will be found that Mr. Cawkwell admitted in 1872 before the Joint Committee that we had some case.

1764. And, as you say, that was not limited to the officers and men, but it affected the baggage also?—Yes, they all hang together. We pay 2 *d.* a ton per mile for baggage and stores going apart from individuals in a separate train.

1765. Do you complain of that?—That is higher than is always paid by the public; they have some rates below that; that was the same rate that was passed in 1844; there has never been any change in it, and we think that we ought to have a 1 *d.* a ton now, and that that would pay them amply; it might perhaps not give them quite so much profit as they would get out of the public traffic, but they would incur no loss; and therefore upon the same principle that we used to go free of tolls upon public highways, we consider that we should go free of toll on the railways.

1766. You should simply look to the railway companies not losing by it?—Yes; and I think that they might perhaps expect to make a little

Chairman—continued.

profit, but not so much profit as they would make out of ordinary individuals, because they have got the monopoly from the Government, and therefore the Government does look for some little return for it, and especially as we are very large customers of theirs. However, I need not trouble the Committee with the rates. I will merely trouble you with the principles. Then with regard to explosives, we think that no railway should have the power to refuse to carry them for Government, and that there ought to be some special rate arranged for them, and that might possibly be referred to the Railway Commissioners.

1767. There is some Bill before Parliament upon that subject, is there not?—There was. Then we think that the Government ought to have the power to demand special trains from railway companies. We have never had any disagreement with the railway companies upon the subject; they have always given them.

1768. For instance, in the case of a review at Brighton?—Yes; that we ought to be able to have troop trains. It is a great thing in case of a disturbance in any part of the country to be able to take troops there at the shortest notice. At the present time we are entirely at the mercy of railway companies.

1769. You have had special trains?—Yes, they always give them; but we consider that it would be well in any new legislation that there should be power in the hands of the Government on important occasions to demand special trains, to take precedence of ordinary trains; that is to say, if there was a disturbance in any part of the country, that you should be able to put your troops there at short notice.

1770. That is to say at the special rates?—They always grant a special train at the same rate as another train, if you get over 100 passengers in it.

1771. If you have 100 men to move, what would you gain by special legislation?—Generally we are at the mercy of the railway companies; they could refuse a special train, but they have never done so; they are always very obliging about it, but we consider from a national point of view that it would be safer to have the power to demand it. The railway companies would made no difficulty about it, I believe. Then there is one other point that we wish to get, and that is we want an uniformity of pattern in the cattle trucks. I see that their own Clearing House recommended it some years ago, but it does not appear to have been followed out. The object is to be able to put artillery and cavalry into the cattle trucks. We want the cattle trucks to be at any rate of a minimum size, in order to be able to put cavalry and artillery saddled into them.

1772. Instead of horse boxes you mean?—If you moved a whole regiment, you could not get horse boxes. Supposing that you wanted to move the Blues into the country, you could not get enough horse boxes, and you would have to get cattle trucks, and we want the cattle trucks to be of such a size as would enable the horses to go in with their saddles on. All the railway companies agreed to this some years ago, and the Clearing House recommended it, but they never carried it out; they have still in mane instances adhered to the old pattern, and in case of emergency and wanting to remove large bodies

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Mr. *Haliburton.*

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Chairman—continued.

of men, we should find cattle trucks into which the horses could not get.

1773. Have you often used cattle trucks for horses?—Not often, because they charge so high for horses that we march them. That is one of the other points upon which we want a reduction of price.

Sir *Harcourt Johnstone.*

1774. Even the cattle trucks rate is prohibitive, is it not?—Whichever way they send troops they charge us exactly the same rate. The fact is that the railway companies for a year or two made us a few concessions and gave us special rates, but they have ceased to do that, I think, chiefly on the ground that they want to put a little pressure upon the Government, which is very fair from their point of view.

Chairman.

1775. Do you wish to add anything to your evidence?—In the Act of 1844 there was a clause fixing the rates, and it said that the assistance of the military should be given in loading and unloading. It often happens that the military cannot load and unload, or that a fatigue party is not sent to load and unload, and I believe the railway companies never care that they should, because they have their own porters, and the military are rather in their way than otherwise; but if it ever does happen that they are not sent the companies invariably raise their prices, and say, "You have not complied with the terms of the Act, and now you must pay us a higher rate." Therefore we consider that that ought to be struck out of the Act; we would give the assistance where we can, but we think that it ought not to be a *sine quâ non*, and that the rate ought not to change when we cannot give that assistance.

Sir *Harcourt Johnstone.*

1776. You do not call this exactly a comparison between the local volunteers and the army, because the volunteers are not paid; the volunteers are carried more as excursionists, and from local sentiment, are they not?—I do not think that sentiment is much considered in fixing railway fares, and I do not think they carry them at a loss.

1777. If you expected those advantages to accrue to your department, you also hold out that we, the companies, shall get more money by the transaction?—I think you would get an increased traffic.

1778. I do not know that an increased traffic, without additional pay, is of much object to the railway companies, but if we get more money it would be a swelling of the Army Estimates, would it not?—Yes, but we should get more movement of troops and a reduction in the charge for coastwise transport.

1779. Of course you are aware that we do not specially cultivate military traffic on the railway in the same way as we do volunteer traffic, because the conditions are quite different?—Yes, and it is not necessary to cultivate it; it comes of itself; it is an indigenous crop which does not require much cultivation.

1780. I think you said that we got a monopoly from the Government; that is rather a wide term, is it not?—Practically, in going from one distant point to another people must go by railway.

1781. You would not say that there was a monopoly from here to Aberdeen, would you?—Practically there is, because there are no ships fitted to carry troops coastwise in very large numbers.

Sir *Harcourt Johnstone*—continued.

1782. You think that the result of diminished rates charged by railway companies would be to enable the Government to send troops quicker by rail?—Yes, and with more comfort to the men; in fact, we only ask Parliament to restore our rates to the same proportion to the public rates which they bore in 1844.

1783. You have probably not come from the War Department to intimate that the War Department are going to assist the railway companies in obtaining a reduction of the passenger duty?—No, not at all; we have no right to take that view of it; we merely wish to bring to your notice the fact that the public has certain claims against the railways.

Chairman.

1784. You mean that if any remission of the passenger duty takes place, you think that this ought to be considered?—Yes.

1785. Of course, if there is no remission of the passenger duty, your case, so far as the railway companies are concerned, is at an end?—No, not so far as the railway companies are concerned, but only so far as this Committee is concerned; in fact the Committee of 1872 said in their Report that we had made out our case apart from any question of passenger duty.

Sir *Harcourt Johnstone.*

1786. You will not allow this as a condition precedent?—No.

Mr. *Bruce.*

1787. What is the exact power that the War Office has now with regard to railways; they have a power to order them to carry the men, have they not?—No, no more than anybody else; we can simply send our soldiers into a railway station, and demand tickets for them; we have no power to order a train more than any civilian has.

1788. Is there not some Act by which, in time of war, you would have the power of seizing trains?—No; there is an Act which gives the Government power to take possession of the railways in time of war by putting a person in charge of them, and laying down certain rules as to remuneration, and damages, but that is a different thing.

1789. The fares which you have mentioned for volunteers are excursion fares, are they not?—No; those volunteers that came from Edinburgh came as an armed body with their muskets, their knapsacks and their baggage.

1790. But in the ordinary case of volunteers going to a review, they are treated as excursionists, are they not?—Yes; but upon this occasion they were coming for a month.

1791. As a general rule, when you are moving regiments there is no back freight, is there?—There is no back freight.

1792. So that the railway companies have the double carriage for the one fare?—Yes; but in that particular case which I was mentioning to the Committee, the fare there and back was less than a single fare for us.

1793. But that was an exceptional case. You were mentioning the propriety of making alterations

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Mr. *Bruce*—continued.

tions in these arrangements; as a general rule, in moving a regiment from a particular point, the railway company that moves it will have to send its engines and carriages up, and bring them back again empty, will it not?—Yes, possibly.

1794. Do you not think that that is an element in the expense of the process?—No doubt, but in the same way when ordinary passengers go to a place they do not necessarily come back.

1795. But there are generally other passengers coming back if they do not?—Yes, it is an element, no doubt, in calculating the fares; but I quote the above case to show that the railways can carry armed bodies of men from Edinburgh to Salisbury, and back again after a month's interval, for less than half the charge they would make for carrying soldiers.

1796. You mentioned the difference in some long distance fares between the Government fares and the ordinary passenger fares. An officer in plain clothes, I suppose, has an option, and he need not claim an officer's rate unless he likes?—Yes, he may travel as a private individual.

1797. What amount of luggage have they a right to carry?—The railway companies carry less for us than they do for the public; they carry 1 cwt. for the public, and 100 lbs. for an officer. We have never made any complaint of that.

1798. Is that on the 1 *d.* a mile fare?—That is on the 2 *d.* a mile fare.

1799. And what is it on the 1 *d.* a mile fare?—Fifty lbs.

1800. In the case of commercial travellers, you mentioned that the fares are low, but I presume that commercial travellers are persons who bring traffic?—Yes; I did not ask for quite so low a rate as they have got.

1801. You mentioned the case of baggage and stores; baggage and stores would, I presume, mean a higher class of goods; they are not the kind of goods which you carry at very low rates?—I mean all Government stores, boxes of rifles or iron stores of various kinds, or saddlery, or clothing from Pimlico.

Sir *Harcourt Johnstone.*

1802. And also shot and shell?—They are explosives; they come under special arrangements.

Mr. *Bruce.*

1803. I think you will find that articles of that description are carried under the classification of the Clearing House at higher rates than the lowest class of articles?—It is more convenient for the Government to have one uniform rate based on a fair average.

1804. But you cannot compare it with the charges for the lower class of articles?—Not quite, but we think that it would be a fair average.

1805. You said that you think it would be desirable for the Government to have the right to order special trains; how would you propose to guard a right like that?—I think that it might be left to the Secretary of State for War, as a Cabinet Minister, so that when he wrote to a railway company, and said that special circumstances required troops to be moved at such a time to such a place, the railway companies should supply special trains.

1806. Have you any belief that under any circumstances there is a railway company in England that would refuse to do that?—I should almost doubt their doing so, but I think that it would be well to put it as a matter of certainty.

Mr. *Bruce*—continued.

1807. You are aware, are you not, that the traffic over our railways is extremely complicated, and that it is necessary, in order to prevent danger, that there should be a great deal of care taken; might there not be some danger in giving any person, except railway managers themselves, the right to order the trains?—We should leave them to fix the time of starting and all the detail arrangements for running.

Sir *Harcourt Johnstone.*

1808. That would only apply to a time of extreme emergency?—It would only apply to a time of extreme emergency.

Earl *Percy.*

1809. I did not quite understand what you said about the officers' tickets; if an officer is charged more when he uses his officer's ticket than when he pays the ordinary fare, why does he avail himself of the ticket?—The railway company naturally give him an officer's ticket and charge him the officer's rate.

1810. Does that come out of his pocket?—No, he recovers it again; if he is travelling by himself it comes out of his pocket, but with a regiment the paymaster sends an order for so many officers and so many men, which the companies get cashed in London.

1811. But supposing that an officer is on leave, what then?—If an officer is on leave he travels as a private individual, but a soldier on furlough travels at soldiers' rates; they find it convenient to give a soldier going to his home an order for his ticket, because if they give him the money, possibly he might never get home; now he is carried there, and the company reclaim the money; but the officer on leave travels as any private individual; when a regiment travels an order goes to the railway companies from the colonel, and is paid in London by a Government paymaster.

1812. With regard to what was said about there being no back freight in the case of the carriage of troops, is it not the case that troops generally relieve one another?—No; I am afraid we could not count upon that; they do not generally come and go to the same stations.

1813. With regard to the moving of troops by sea as compared with moving them by rail, is there not an instance just now; how are you moving those militia regiments that are to come south from the south-west of Scotland?—We are going to remove some of them by sea simply on account of its being cheaper.

1814. Was there not one instance in which a regiment in the south-west of Scotland had first of all to go by rail to Glasgow, and then by sea the whole way from Glasgow to Portsmouth?—Yes, and no doubt if we had reasonable rates we should much rather bring them by land, especially in the case of militia, because they are not accustomed to embarking and disembarking and do not like it, and we lose a certain number of days' training.

Mr. *Ashley.*

1815. You say that the expression in the Act of 1844 is "fares not exceeding" so much; is there anything in the preamble to give an idea of

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Mr. *Haliburton.*

9 May 1876.

Mr. *Ashley*—continued.

of the consideration for which this limitation was made; is there a "whereas"?—No.

1816. Has the War Office never made any attempt to reduce the fares of the railway companies?—Yes, constantly.

1817. Have they ever tried going and taking tickets as for 100 or 500 private persons?—No, in such a big thing as an army, you cannot carry that out systematically. We have gone to the companies very often and said, "We want to move so many men, what will you take them for; will make any reduction." If a 1,000 civilians combine to go to Liverpool, they will carry them for a farthing a mile, but they never make any reduction in the case of troops.

1818. What the Act of Parliament says is that the fare is not to exceed so much; if you sent to ask for 1,000 third class tickets, and if they tried to recover from you the excess above the ordinary third class fares, you could resist it, could you not?—Practically not.

Chairman.

1819. That is to say that the men should divest themselves of their military character for the journey?—Yes, and then we should have to pay the money over the counter; at present they take our cheque. The colonel of the regiment sends them a list of the number of people, and they present that through the Clearing House.

Chairman—continued.

1820. Would not your baggage be more than you would be entitled to as third class passengers?—No, rather less.

1821. Musket and all?—The musket is the same as if you take your fishing rod, gun, or umbrella into the carriage with you.

Mr. *Bruce.*

1822. Did you ever get any special rates from railway companies for troops?—We have never succeeded, except where they have been going to and coming back from a place on the same day.

1823. In cases where you send them by sea, having the alternative, do you not think that you could possibly make a bargain with the railway company?—They will not touch the rates.

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Friday, 12*th May* 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Mr. James Corry.
Viscount Crichton.
Sir Harcourt Johnstone.
Mr. Knatchbull-Hugessen.
Mr. Leighton.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Arthur Peel.
Earl Percy.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.
Mr. Sullivan.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

The Right Honourable RICHARD BARON HOUGHTON, attending by permission of the House of Lords; Examined.

Baron *Houghton.*
12 May 1876.

Chairman.

1824. YOUR Lordship is, I believe, a Director of the Lancashire and Yorkshire Railway?—I am.

1825. You have for some time past, I think, given considerable attention to the question of the railway passenger duty?—Yes, it has been brought before me, both as a Director and in connection with my long Parliamentary experience. Having myself taken part in all the changes of railway legislation for the quarter of a century in which I was in the House of Commons, I was enabled to trace in my mind the whole progress of that legislation, and to form the best judgment I could as to the intentions of Parliament in the earlier times of the railway system; and, therefore, to come to what I considered a fair conclusion with regard to the principles of railway taxation, and the peculiar forms which that principle had assumed during that length of time and the great changes that had taken place.

1826. You stated that you were cognisant of the original imposition of this tax upon railways; what is your view, having reference to what took place then as to the grounds and the reasons upon which this tax was placed upon railways?—I think that the principle of taxes upon locomotion had been fully allowed, or at least it had become practically admitted. It had been defended by Mr. M'Culloch and several other eminent political economists; and, therefore, when this new method of locomotion came before the public it would have been thought unfair that it should have altogether escaped those impositions which fell upon other methods of locomotion.

1827. Then your view is that it was put upon railways not, so to speak, *quâ* railways, but *quâ* one of the means of locomotion, and that they were to be put upon the same footing as other means of locomotion?—That is my impression, and I may add that I think that there was no compunction in doing so, because at that time there was such an inflatus of public opinion with regard to what railroads were going to be, and what an enormous amount of money they were going to bring into the shareholders' pockets, that it would have been considered unjust that a system with so rich a prospect before it should have been spared its share of the general taxation.

Chairman—continued.

1828. At that time, as we know, the taxes upon locomotion, in carriages and other vehicles, were very considerable in this country?—Yes; I hold in my hand a Table which I daresay the Committee have had before them; the details of it are unnecessary, but I will put it in. In 1833, soon after the imposition of this tax, the railways were taxed 6,000 *l.*, while other modes of locomotion brought in 764,000 *l.*; and thus it has gone on, until, in the year 1873, the railways produced 573,000 *l.*, and all the other modes of locomotion together only produced 298,721 *l.*, all of those other modes being at present relieved from taxation.

1829. Looking at the origin of this tax upon railways, and seeing that now all other modes of locomotion have practically been relieved of that taxation, what is your view with regard to the continuance of the tax?—I think that the continuance of the tax must be regarded mainly upon fiscal grounds. If it is absolutely necessary to levy such a tax, I think it can be paid without very serious injury to the public; but, nevertheless, I think it is essentially unjust, upon other grounds which I may state hereafter, but especially upon the ground that all other modes of locomotion have been freed from it, and that, therefore, the first opportunity should be taken, quite apart from the question of the regulation of the tax, for its total abolition.

1830. Will you express, in your own words, the objections which you have to the tax, and will you also explain how you think that its continuance affects the public, and also the railway interest. Taking the public question first, do you consider that the tax interferes with the full development of railways, and with the railways giving the best possible accommodation to the general public?—I see in the evidence which you have been good enough to lay before me, that there has been a difference of opinion upon that subject. Some very competent witnesses have said that they do not believe that it does

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Chairman—continued.

interfere with the development of the railway system, while others have said that it does. My own impression is that the truth lies between the two; that is to say, the continuance of this tax would not prevent any very great railway enterprise; in regard to such a line, for instance, as the new Midland line to Carlisle, I do not suppose that the question would occur. But, generally speaking, with regard to branches and small communications, and all those matters in which the railway system is really supplying the place of ordinary means of locomotion, and almost of the common roads, I do think that it would be a check. I know, from the discussion of matters on my own board, when it becomes a question of very small profit indeed, if any, to be derived from this system of intercommunication, in that sense it is a check to the present development of railways.

1831. And it would turn the scale perhaps?—There are occasions, I have no doubt, upon which it would turn the scale, and it would turn the scale in this sense; that the very question of a tax of this kind sets people doubting as to the advantage of the thing, and whether it can be economically carried through, and raises all those other questions which perhaps would hardly occur to them if there were no special fiscal regulations between the railways and the State.

1832. You are probably talking of the railway with which you are connected, in a large manufacturing district, where a large number of working people are employed, and where there are a great number of third class passengers?—It specially applies there.

1833. Is it not a fair inference, from what you have stated, that if in some cases this tax would turn the scale, the continuance of the tax does operate against the public interest?—That I may say is another question, because that I think is still more clear. I do not suppose that it could be disputed that, whatever may be the result of the abolition of the taxation, some portion, if not the whole, of the advantage must be derived by the working classes in their relation to cheap trains. In our own case, the case of the Lancashire and Yorkshire Railway, which really deals more especially with the working classes than perhaps any other in this kingdom, the feeling on our Board is decidedly in that sense, and much more strongly in that point of view than with regard to the immediate payment of money.

1834. You are of course aware of the legislation which has taken place in private Acts of Parliament, and in general Acts also, with reference to the desirability of giving the working class and the artizan class facilities for getting out of town to reside, and to come in and out for their work?—There is no doubt that one consequence of the remission of this duty would be an increased frequency of those trains, and also a larger supply of regular season tickets, which the workman could get more easily than he can now, and which prevents his having the trouble of going every day to the booking office for a ticket; that social advantage would be increased.

1835. I do not know whether you have had the opportunity of glancing over the evidence which has been given in this room which I desired to be sent to you. You see that these matters are gone into at considerable length by the railway officials. Do you, in your capacity as a railway director, and as being intimate with the wants of the district which your line serves, agree generally with the views which they have expressed upon this part of the case?—I do.

Chairman—continued.

1836. I think you added that matters had been brought before your Board which had drawn your attention to this point?—Quite so.

1837. You are aware of the decision which has lately been given in a court of law with regard to the technical interpretation of the Act?—I am aware of it. I have read the judgment with great interest, and though upon the strict point of law it is perhaps very difficult to demur to them, they have nevertheless had this very peculiar result, that notwithstanding the decision of the Court of Exchequer, a compromise was come to immediately afterwards between public offices and the railway companies, running very much counter to that decision. And the decision of the House of Lords has not at all altered those arrangements, for at the present moment we are in this anomalous and exceptional position in the relation between the Legislature and the public bodies, that not only (as has been discussed very ably in this chair between the witnesses and the Committee) have the heavy consequences of that legal decision upon the railway companies been entirely neglected and avoided to the advantage as it is considered of the railway companies, but also that the arrangements which are now made between the Board of Inland Revenue and the railway companies take no cognisance whatever of the decisions of the Supreme Court of the Legislature.

1838. You are aware of the three modes which have been pointed out, by which those compromises have been effected?—Yes.

1839. Each of those compromises, I think I may say, is at variance with the direct law?—Apparently, they are thoroughly illegal.

1840. Do you think that it is desirable or expedient upon any ground, that such a state of things should be permitted to exist?—I do not think that it can continue; there must be a *modus vivendi* arranged.

1841. With reference to the railway companies themselves, what is your view with regard to the effect which relief from this taxation would have upon the companies generally. I do not mean merely with regard to the amount of the actual dividend, but with regard to the freedom which they would have in working their trains, and making their arrangements not only for the particular class of passengers with which we are specially dealing, but with the general public as to the traffic management and all those matters?—I would rather answer that as part of a general question. My own feeling has always been that the relations between the State and the railway companies ought to be made as easy as possible; and that if it was possible they should be hardly relations of superintendence, but rather relations of mutual confidence; and no doubt that state of things would be very much advanced if there were no fiscal arrangements between the parties.

1842. Or if it were necessary and essential that there should be fiscal arrangements, you think that those fiscal arrangements should be made in such a form as to give freedom and independance to the railway companies where it was possible?—With as little interference as possible. There is no doubt whatever that the interference

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Chairman—continued.

interference of the external bodies of the State in matters of this kind always fails, for two reasons: the one is, that it is not sufficiently despotic, and that it cannot carry out the system as it is carried out in other countries, where the word of the State is immediately obeyed; and the other reason is that, from the peculiar character of our railways, there is such an immense diversity of interests amongst the railway companies themselves, that it is impossible for any government body fully to comprehend and to accommodate itself to all those diversities of interest and arrangement.

1843. There was a suggestion made by Mr. Rickman, which I do not know whether you have taken any special notice of, with regard to some scheme which he suggested of exempting all traffic at 1 *d.* a mile or under; will you give the Committee your views upon that point?—Mr. Rickman says: "I think that the best and easiest solution of this difficulty, in the interest of the public, and also in the interest of railway companies, and in the interest of the revenue, although there would be a probable loss at the beginning, would be the exemption from duty in respect of all fares at or under 1 *d.* per mile by whatever trains conveyed, and in whatever class of carriage." The effect of that, in fact, would be very much the state of things in which the railways were in relation to the Board of Inland Revenue before all these disputes took place; because, when there was no question of taking third class passengers in any other but a parliamentary train, which was then the general practice, this proposal of Mr. Rickman's was, in fact, the custom of all the railways in the country; so that, if that was done, you would return to the original system, with all the additional advantages which since that time have been acquired by the third class passengers.

1844. I think that Mr. Rickman's notion was to make the 1 *d.* the measure, or rather the ground, of exemption from any duty at all?—That was what I wished to explain. Under the old system the 1 *d.* represented the parliamentary train fare; there was nothing then except the parliamentary train and the fast trains; and therefore it would, in fact, be a return to the former system, with all the advantages which have been additionally acquired for the third class passenger.

1845. After the evidence which we have had, I do not go into all this very minutely with you; but of course the requirements which entitle a company to get the exemptions now, even supposing that the Board of Trade had certain elastic powers of dispensing with those requirements, would still impose a great many difficulties upon railway companies, which would be removed if Mr. Rickman's plan were adopted?—Mr. Rickman's plan, I think, would leave the proper liberty to the companies for their arrangements of the trains. You must be well aware that upon the important question of the obligation of stopping at every station, although that obligation carries with it certain advantages to everybody that wants to stop at that station, it carries great disadvantages with it to everybody who does not. Everybody remembers how, if by any chance a railway train draws up at a station where it does not usually stop, either from some personal arrangement or some accidental cause, extreme indignation is caused; everybody else is waiting there for two minutes during which they think

Chairman—continued.

they are entitled not to wait; and therefore the amount of inconvenience is much greater to the persons who are obliged to stop at those stations, but who do not wish to stop, than is the convenience to those persons who do wish to stop.

1846. Of course where it is a densely populated district, and where the people have to come to their work some four or five miles, it is simply a question with them of the loss of time by stopping at those stations?—Yes.

1847. There is a direct disadvantage and inconvenience to them at once; and it seems that the only compensation that can be offered for stopping is that persons who want to get in at intermediate stations may have the opportunity of doing so?—I think that that is best left to every railway company to decide for itself; because any person who has cognisance of the working of railways knows that the one object of every traffic committee is to get as many passengers as possible, and to accommodate the public as much as possible; that is the sole way by which they exist, and therefore they would arrange the use of those stations just in the way which they believe most commodious to that particular portion of the public; it is self-evident, and it has been brought out very strongly before this Committee, that the whole question of what are to be called Stations is totally different; the Act means a different thing now from what it did at the time when the Act of 5 & 6 Vict. was passed, or for a great many years afterwards; now these manufacturing stations are nearly as frequent as the public-houses in a crowded city.

1848. You think that the self-interest of the railway companies would always secure to the traffic the accommodation that it would require?—I have no doubt it would.

1849. And you would be satisfied to leave it to the railway interest to make those necessary regulations?—They must make those regulations because nobody else can understand the question.

1850. As the law stands now, there may be a station even where there are no passengers to get in or out, but still they are obliged to stop?—Yes, of course that is totally unreasonable.

1851. Do you know that there is a very strong feeling in the public mind with reference to this question?—As in other recent discussions which have taken place, there has been great doubt as to the side on which public opinion has gone, so it is very difficult for me in this matter to venture to interpret the public mind; but I think that the remission of the tax would be very popular.

1852. With regard to one of your earlier answers, I think you said that upon principle this tax upon locomotion was only justifiable upon the ground of State necessities?—I look upon that as upon any other tax upon industry, and that therefore it ought not fairly to be taken as a mere tax upon profits. A tax upon profits is no doubt perfectly reasonable when those profits have been made in the ordinary courses of commerce or business, in which the public are not immediately concerned; but in a case like this, the tax upon profits merely means the taking away of a certain portion from the means of a railway company, which, I believe, would go almost wholly to the advantage of the public, and not to the increase of the profits of the company.

1853. Then you see no reason why railways

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Chairman—continued.

should be taxed in the way they are, that is to say, by a tax upon profits, any more than any other large national industry?—Certainly not; I put them all in quite the same category.

1854. As a question of political economy?—As a question of income tax, I may mention that the present tax upon my own railway, the Lancashire and Yorkshire Railway, is calculated at 3½ per cent. upon our own gross receipts, and double that upon our net receipts; and the ultimate result is 6 *s.* per cent. dividend taken out of the companies' ordinary stock.

1855. You are fortunately connected with a well-to-do company; but in the case of small companies, there seems to be a very strange anomaly, that those companies which are earning the least, are the most heavily taxed?—Of course; and I might perhaps be allowed to say a few words upon the entire injustice of the incidence of the tax. I am here a very poor witness upon this matter. As I have told you, there is a certain sum taken out of our revenue, but not one that is seriously damaging it; but there are some railways, which, I believe, gentlemen connected with the south of England know very well, in which the taking of every passenger is an absolute loss, and they look with terror upon the arrival of a passenger. And there is this very peculiar circumstance; that the company which has brought the greatest amount of complaint before this Committee, and before the public generally, viz., the Metropolitan Railway Company, is the very railway which does, in nine cases out of ten, comply exactly with all the requirements of the law, stopping at every station, and doing everything which the law intended should be done.

1856. You say that, in your opinion, that works an injustice?—It works a thorough injustice, an injustice so gross that if there was not a vague idea which has come from the olden times, and which, I suppose, at last people will get out of their heads, that railways are necessarily investments of very large profit, would not hold water for a moment.

1857. There is another argument which has been used to which I would invite your attention. The tax is justified apparently upon the ground that the railway companies enjoy what is called a monopoly; what is your view upon that?—For myself, I think that there is a great play of words upon that matter. It seems to me that the railways have just that kind of monopoly which any one coach upon any particular road has. There is only one coach going now to Brighton, and another to Dorking; that is to say, it may be called a monopoly; there are no circumstances which induce the creation of competition. It is only where there are no circumstances demanding competition that the railway has a monopoly at all. In circumstances demanding competition, not only as competition brought to bear upon every railway in the most unsparing manner, but the old story of railway enterprise in England is a story of ruinous competition. Sir Robert Peel, I have always thought, did an enormous deal of harm when in raising with his great stalwart arm at Tamworth the first sods of his railway, he called upon Mr. Hudson, who accompanied him, to initiate a system of great general competition throughout the kingdom. We know what was the end of my poor friend Hudson and the greater part of the companies which did become ruinously

Chairman—continued.

competing, and, in fact, going upon a system which might be tersely described as paying present dividends out of future capital.

1858. With regard to the particular lines to which you advert, the Metropolitan and the suburban lines, have you read what Mr. Forbes said with regard to the competition which they have to encounter on the part of the river, on the part of the omnibuses, and on the part of the tramways?—That is a special case; there could be no pretence of monopoly there. But I do not see how there could be monopoly even with the largest lines. One would have thought that the London and North Western Company had a monopoly of the traffic between Manchester and Carlisle; there seemed to be no reason why they should not have it all their own way; and yet the Midland Company have determined that they should not. Thus every railway in England now is obliged to compete, and the public derive from it all the advantages of the competition. One of them attempts to make travelling more commodious, another to make it more rapid, and the public is the gainer.

1859. You are, I have no doubt, acquainted with the history of the Midland Railway Company which has recently been written?—Yes; and very interesting it is.

1860. It seems to me that the very history of the Midland, from beginning to end, negatives the idea of a monopoly on the part of the railway companies throughout England, for theirs has been one system (I will not use it offensively) of agression from beginning to end, has it not?—It has always struck me that the one great difference between our railway system and the railways of the rest of Europe, is that they being initiated by the State, protected by the State, and supported, to a great degree, by the State, might, in a certain sense, be called monopolies, because, although other railways might compete with them, they could only do it with the consent of the State. But in England, from our free trade habits, we have, from the very beginning, refused any assistance of that kind from the State, and have never sought any subvention or any of the Continental methods, and perhaps the consequence of that is that we are almost the worst paying railroad country in the world.

1861. Because there is not a monopoly?—Because there is not a monopoly; the present state of things is this: that with the exception of the State railways of Sweden, which pay 3·3 per cent., the English railways are the worst paying railway companies in the world.

1862. What is the figure of the average of the English railways?—I do not know what it is at present; I took my information from that very interesting book, the French *Annuaire des Chemins de Fer*, in which the present average of English railways is not given; but it was given in 1872, when it was 4·49 per cent., and I should be afraid that the present rate would be considerably lower than that.

Mr. *Mc Lagan.*

1863. I do not know whether I correctly understood you when you were describing Mr. Rickman's scheme; do you suppose that Mr. Rickman intended that the trains should stop at every station in the scheme that he proposed?—No; I should like to see it enlarged upon, but what I understand to be Mr. Rickman's scheme

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Mr. *M'Lagan*—continued.

is this: that every ticket that is charged under 1 *d.* a mile should be exempt from that taxation, namely, that a man taking a ticket, say from King's Cross, for 100 miles, and paying for it 100 pence, that ticket should be exempt, and should not be counted as part of the fiscal arrangements; and that it should be left to the discretion of the railway company either to take this man, stopping at every station as required, or to take him the whole distance at once; and it would be left to the discretion of the payer of that 100 pence either to go by a slow train which took him to some particular destination, or to go the whole way as he liked best.

1864. That is as I understand the scheme. Then you think that that would be a great improvement upon the present system?—I think that it would be a great simplification; at the same time I do not think that it would in any degree meet the general arguments against the tax.

1865. I think that you are of opinion that, for fiscal reasons, the tax should not be abolished; but, supposing that you abolished the tax, what would you substitute for it?—I do not pledge myself to propose anything at all for it. By "fiscal reasons," I mean if the country can afford it. I have stated already that I consider it as a partial income tax.

1866. Supposing that it should be found that it would be inexpedient to abolish the tax, is there any modification which you would adopt?—I think that Mr. Rickman's scheme is the best that I have seen. He says that it would entail an immediate loss upon the revenue, but I think that that would be recouped, and he thinks so too. At the same time I am very glad that you have asked me that question with regard to any substitution, because among the public there has been such a general notion that there was to be some other advantage in the other direction got out of the railways by relieving them from this tax. That, I believe, to be a very unjust supposition altogether, because it implies that the railway companies are not generally doing the best that they can for the public, and I believe they are.

1867. The tax at present is a per-centage upon the receipts of the railway. Of course, as the traffic increases, the tax will increase also; is there anything that you would suggest to modify that at all; for instance, instead of having a per-centage upon the receipts, to make it a fixed sum, and not for it to increase as the traffic increases?—I am afraid that that would only increase the injustice of the incidence of the tax.

1868. I do not quite understand how it would be so; I mean to limit the amount, say to 500,000 *l.*, through the whole of the country, to be a general tax upon railway property?—The honourable Member put that question before, and I think I saw that the answer given was that from the diversity of the railways, and the fluent condition of them, the condition of them being different to-day from what it will be to-morrow, it will be almost impossible to arrange it; but perhaps the honourable Member may think that it might be done by some clearing-house process.

1869. Every railway company knows at the present time what it pays, and the Board of Inland Revenue knows what every railway pays. Supposing that you took the sum that every railway company pays at the present time, and limited it to that, what would be the objection?—Might it not be an objection to that system that it would become almost an irremovable tax? It would be so difficult in that case to get it either diminished or removed, that I should myself be unwilling, as far as I understand it, to agree to it.

1870. As regards the question of monopoly, can any of the public, if they think proper, run a locomotive upon a line of railway?—I believe they cannot; but it is not in the least a question of monopoly, because I believe there would be no unwillingness on the part of any railway company to make arrangements of that kind, supposing that it was compatible with two important matters, the one the arrangements of the railway, and the other the security of the public. Practically it could not be done, as we know from the great difficulties that have occurred with regard to the coal traffic, where great complaints have been made by private individuals and private companies that they have not been able to bring up their own coal.

1871. Then by law no one has the right to ask a railway company to allow him to run his own engine by paying a toll upon the railway?—He may have a legal right to do so: I do not see why he should not have a legal right.

Chairman.

1872. Is not the real secret that the railway really is nothing but a highway for railway carriages, and that anybody can put a carriage or train upon the South Eastern Railway to-morrow; but unfortunately the South Eastern Company are not bound to give water or any other accommodation?—I believe that that is so; I may perhaps add to what I said before, that there is one railway upon which a certain nobleman drives his carriage up and down as he likes, that is the Duke of Sutherland.

Mr. *Knatchbull-Hugessen.*

1873. Is not that by private special Act?—No, so far as I am aware it is not a private Act; it is because he has his own coal, and his own water, and everything else.

Mr. *M'Lagan.*

1874. But by the general law, any one has the right to do it if he can provide himself with his own coal and his own water, has he not?—I believe so.

Mr. *Macdonald.*

1875. You stated, I think, that there was a wrong impression formed by the public that they would gain an advantage by the remission of the tax, supposing that it was taken away?—No, I did not state that. What I stated was, that in discussions upon the remission of the tax there have been frequent demands made to get some supposed public advantage out of the companies in lieu of what they would gain by the remission of this tax; and I stated that I did not think that that was sound, because it implied that there were positive advantages to be gained by the public out of certain railroads which the railroads at present withhold. Now I do not believe that they do withhold any advantages, generally speaking, or that they can do so; but I said, in the early part of my evidence, that I believed that the practical effect of the remission of this tax would be that the larger part of the profit gained,

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Mr. *Macdonald*—continued.

if not the whole, would go in the diminution of fares, and in certain other advantages to the mass of the public, that is to say, to the working people.

1876. But am I right in saying that your answer conveys the impression that the public have no right to speak, or, if I may use a stronger word, to demand a guarantee from the railways that they shall have any concessions whatever further than exist now?—I am not sure that any system of guarantee or demand of that kind would have an advantageous result, and for this reason, that a guarantee of that kind could hardly be enforced, because if it was enforced at a great loss to the company, the public would lose in some other way. The relations between the railway companies and the public are not those of exaction on one side, and payment on the other; they are really the relations of supply and demand. When a railway gets rich it is always able to do a great deal more for the public than when it is poor; and the real services of a railway establishment to the public are limited by the money which it has got to spend.

1877. Has not the clamour, if I may use the expression, been for the remission of taxes in every case with the view that the public would gain an advantage therefrom?—It is only candid to say that I think the advantages which would be derived by the working classes to themselves by the remission of this tax would be rather indirect than direct; but I believe that so far as there was any tendency at all it would be entirely to the advantage of the working classes. I stated particularly that case of the convenience of return tickets, and more stations, and by-road stations, and facilities for the supply of tickets, which ought to have been done long ago in this country, as it is done in every country, and all the other advantages which, as I dare say the honourable Member knows very well, exist in America, and do not exist here. I have been lately in that country, and I was astonished at the great many facilities given there which they do not give here.

1878. I am quite aware of that; but still the question that I have asked is one which I am anxious that you should answer a little more precisely. Is not the object desired in the case of every application for a reduction of taxation, that the public may be benefited? Thus, when we demanded the repeal of the corn laws, was it not that the public might be benefited?—I do not think that the analogy is quite correct, because this remission of this duty is really demanded for so many other reasons, reasons of the general good working and convenience of the system, that I cannot put it upon a question of possibility of lower fares; I suppose that is what is meant when it is generally asked whether it would be for the advantage of the public.

1879. Was not the object of the agitation for the repeal of the tea duty to a certain extent, and even now that the people might be benefited, that they might have cheaper tea? I am dealing with a question of political economy, as your Lordship perfectly well knows?—It is upon that point that I do not think that the cases are quite on all fours. If you put the question whether it was worth while to remit this duty simply for the purpose of giving the working classes a little cheaper——

1880. I object to the word "working classes"?—So do I; and no person objects to it more.

Mr. *Macdonald*—continued.

1881. I mean the public advantage?—The honourable Member has, perhaps, no objection to the term third class passenger. If the mere object of the remission of this duty was to make the third class passenger's fare infinitesimally cheaper, I do not know that it would be worth while. I think that it would have that effect, but I think that would only be an incidental effect. The advantages which it would carry with it in economising public time, for instance, would be great considering the immense time that is taken up by the arrangements between the railway offices and the Government offices. It would promote a more comfortable relation between the railways and the public offices, and it would place railway management on a sounder basis. Those I think are the palpable advantages, apart from the incidental advantages of additional cheapness to the third class passenger. I should not wish it to be thought by the Committee that I based the remission of this duty solely upon that ground.

1882. And you think that the public may be disappointed when the remission of the tax is asked for on the ground of lowering the fares?—I do not think that they would be disappointed. I do not think that they could be.

1883. I put it to you very straight regarding the expectations that people entertain in respect to the lowering of duties of all kinds; is there to be any difference between the passenger duty on railway trains, and the unremitted duties in every other department?—I do not wish to repeat that matter, but the other advantages seem to me to be much more important than this one. I am perhaps rather prejudiced from the very fact that the railway to which I belong subsists almost entirely upon third class passengers. Our passengers of the first and second class this year were 4,915,000, and the third class passengers were 24,357,000, five times as many; thus showing that we, depending entirely upon third class passengers, must do all we can to make our railway as commodious as we can for them, and we have had most curious instances of the effect of the very smallest rise in the third class fares. There was a rise of one halfpenny in a certain district, the distance being very small, and the passenger traffic fell off at once something like one-half.

1884. You stated, I think, that the English railways were the worst paying railways in Europe, except the Swedish railways?—I believe that that is quite statistically correct.

1885. You are acquainted, I believe, with American railways?—American enterprise sometimes goes beyond the means of payment; but nevertheless the railway system is working very well in America, and I should not wish any word to be said against it. I have come away from it with the greatest admiration both of the management of it, and the talent and power which it has brought to bear, and the sometimes extravagant and ruinous but nevertheless nationally advantageous enterprise.

1886. The public are well accommodated in America?—Admirably; they cannot be better accommodated.

1887. I have no doubt that your Lordship has seen a train wait to blow a horn for a passenger half a mile off, as I have done?—Yes.

1888. If the English railways pay so badly, would the remission of this tax make them pay better?

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Mr. *Macdonald*—continued.

better?—As I have already said, with regard to the advantage to be derived by third class passengers, so I am very doubtful as to the advantage which would be derived, at least immediately, by the shareholders; I do not think that it would be very considerable either one side or the other. The amount of the tax upon wealthy companies such as that to which I have the honour to belong, is comparatively inconsiderable; but upon a great many poor companies, I think, it would just turn the point of their being able to go on accommodating the public decently and with some profit to the shareholders, or not being able to get on at all.

1889. I think you said that it was in consequence of the ruinous competition that the railways did not pay?—I suppose that it is the result of that and of certain miscalculations. I am old enough to remember the dreadful effect of that one miscalculation of Mr. Hudson's in believing that the subsidiary lines would be feeders, whereas they turned out to be exhausters. If we had gone on slowly, as the foreign railways have done, with nothing but main lines and very few extensions, no doubt the railway receipts would have been enormous, and the comfort that could be given to the public would have been much greater; but we have chosen to cover this country with such a network of railways as no other country in the world has, and we must take the consequences.

1890. But you would not ask this Committee to recommend the House of Commons to prevent competition amongst the railways, would you?—No.

1891. You said that it was in virtue of the ruinous competition that the Companies were not able to pay; supposing that the tax was allowed to exist, if the competition continued the railways would still be unproductive to the shareholders, would they not?—The question of competition rather applies to the wealthier lines than to the poorer ones. I do not think that the question of competition touches the very poor lines, which would be the main gainers by the remission of this duty.

1892. You stated that the Board of Inland Revenue, the companies, and I am not quite sure that you did not say the Board of Trade, virtually set at naught the decision of the House of Lords?—I believe that to be the case.

1893. Do you think that it is creditable to large corporations, and to two departments of the Government, to have set at naught an authoritative decision of the House of Lords?—I cannot say that it is at all creditable to our legislative system; I think that this disputed question ought to have been settled on a sound basis long ago.

1894. You said, I think, in answer to a question put to you by the Chairman, that the railway passenger duty had hindered the development of the smaller railways?—That is my impression.

1895. Can you, from your experience as a railway director, give the Committee any information as to where such has been the case?—I think I stated that in that case it was really more indirect than direct. I have tried not to make too much of the case; I have been very careful not to do it, and therefore I cannot say that I know of any railway whose construction has actually been prevented by this duty.

1896. Your Lordship knows something about

Mr. *Macdonald*—continued.

railway companies coming to the House of Commons for powers and for new lines; do you not think that more money is spent there than in railway passenger duty?—I suppose that the passenger duty really amounts to the fees of a few leading lawyers. Of course the parliamentary abuses are not so great as they were, but they still exist; they were scandalous.

Chairman.

1897. That is all reformed now; that was when everything was miscalculated and exaggerated?—Yes.

Mr. *Macdonald.*

1898. How long is it since they have ceased to miscalculate?—To go back to the question of competition; the competition is not so bad; I do not suppose that we could have now what I remember, viz., a leading counsel, a dear friend of mine, receiving frequently 1,000 *l.* simply not to go into a committee room.

1899. In many of the leading railways, has not more money been spent in promoting schemes, within the last 20 years, than has been paid to the shareholders?—I have no doubt of it.

1900. So that it is not because the railways did not pay, but because the money has been recklessly thrown away in another form?—Yes, to a certain extent that is so; but we are under a different system now. There is a great call for additional railway accommodation, and when you ask the question whether any one line has been prevented from being constructed by this tax, I do not know that any one railway has, but the tendency is rather against the construction of new railways in reference to this duty. Now there is an enormous demand for new railways in every part of the country, and therefore, in that large sense, I think that any impediment, however small, should be taken out of the way of railway enterprise.

Mr. *Knatchbull-Hugessen.*

1901. You have been asked some questions with regard to your views upon political economy; do you not think that any tax which tends to check the development of a great industry is rather opposed to the principles of political economy?—Certainly.

1902. Therefore if it can be shown that this tax in any way operates to check the development of the railway system, it would be objectionable on that ground, would it not?—It is objectionable simply because it tends in that direction.

1903. You spoke of the origin of this tax being that there was a tax upon all other modes of locomotion; those taxes have all been removed, have they not?—Entirely; the last went when the horses ran away.

1904. I suppose that those taxes have been removed because virtually railways have proved to be the means of locomotion most acceptable to the public?—Yes.

1905. Do you think it is right that because one means of locomotion is proved to be the best for the public it should be visited with exceptional taxation?—No; but I have no doubt that there has been in the public mind a kind of notion that the taxation, when off one mode of locomotion, should be put upon another, although it is very unjust.

1906. If there has been an unjust notion in

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Mr. *Knatchbull-Hugessen*—continued.

the public mind you would probably think it advantageous to dispel it if possible?—Certainly.

1907. You stated that the railway system is the child of competition which was inaugurated by a celebrated statesman in a particular speech to which you referred; was not that railway system, as it exists at present, created by men who risked their capital and expended their energies in creating a system which has been productive of the greatest advantage to this country?—Yes, and some of those men never received their due commendation.

1908. Did they not do that in the face of enormous opposition, even from people who now admit the benefits of the system which they then contended against?—Yes; there was a certain class of people called landowners who considered that railways were extremely injurious, and that they ought to receive immense compensation for that frightful injury; and now they would be very glad to get a railway up to the very doors of their houses.

1909. Did not the pioneers of this system, which has proved so advantageous, find themselves subject to great difficulties, and to enormous expenditure which, in fact, ruined many of them?—Yes.

1910. Do you think it just, that having partially overcome those difficulties, and yet not to such an extent as to make the undertakings in all instances paying, they should still be subject to this exceptional taxation?—No; I think that exceptional taxation is a bad thing in itself, and in this case especially unjust.

1911. The other means of locomotion, carriages, and stage coaches, and so on, passed over roads to the maintenance of which they did not contribute, did they not?—Yes.

1912. Is it not the fact that, with regard to railways, they have to maintain their own way, and to do all their own repairs?—They have not only to pay their own way, but they pay for other people's ways, because they contribute so largely to the rates, that they are very heavily burdened.

1913. Is it not the case within your knowledge that there are many country parishes through which a railway passes for a comparatively short distance upon which that railway has conferred an immense benefit in the improvement of the property, and yet to the rates of which the railway contributes, not as other land does according to the rentable value of the land in the parish, but upon a calculation based upon the earnings of the whole line of railway, from one end to the other?—I believe that to be generally true, and I have the good fortune to live in two of those parishes.

1914. Should you be surprised to hear that there are many parishes in which the larger portion of the whole rating is paid upon this principle, by railroads which perhaps do not hold more than 20 or 30 acres in the parish?—It is so.

1915. In that case the railways are rated as entirely private property, are they not?—Yes, I believe so; but I should not wish to speak with authority upon that point.

1916. That is to say, a railway is called a highway, but differs from all other highways in the county, which are maintained by rate, but which do not contribute to the rates?—Yes.

1917. Do you think that it is entirely fair that

Mr. *Knatchbull Hugessen*—continued.

when railways are subject to this enormous burden of rating as private property, you should further come down upon them as public institutions with this exceptional tax?—I do not think it fair.

1918. You have told the Committee that there is an enormous demand for railways now through the country; that demand generally is for small branch railways, is it not?—Exactly, on which a great deal of money has to be expended, and from which very little immediate profit is to be derived.

1919. Therefore, in every such proposal for a branch railway, it becomes necessary, does it not, to calculate every item of cost as well as profit?—Quite so.

1920. Although this tax by itself might not prevent any special branch being made, still when you take it in conjunction with other expenses, such as rates and maintenance of way which a railway has to bear, it has, has it not, a share in the prevention of those undertakings?—No doubt.

1921. Of course, if you waited until we could abolish altogether the different items which go to make up that which prevents the railways from being made, you might wait for ever?—Yes.

1922. Therefore you do not think that it is unreasonable on the part of railway companies and of the travelling public to attack that which appears to be the weakest point of the system?—Quite so.

1923. With regard to monopoly, I do not want to dwell upon it, but taking, for instance, the Metropolitan and Metropolitan District Railways, you would, I presume, hardly find it possible to say that they have a monopoly of the traffic, considering the opposition to which they are exposed from omnibuses and steamboats?—No; in that case the word would not apply.

1924. Then, when you come to the case which you instanced yourself, namely, the Midland and North Western Companies; or take again the South Eastern and the London, Chatham, and Dover Companies, and so through a number of instances, I understand you to say that it is hardly fair to apply the term "monopoly" to cases in which there is strong competition?—Certainly not.

1925. There was a question asked the other day, in which it was sought to establish an analogy between this tax and the brewer's license; I need hardly ask you whether you can see any such analogy?—It would take too long to go into it, but I can see no such analogy.

1926. Is not a brewer's license a case in which a man pays a sum in order to be allowed to carry on a certain trade, and is not the railway passenger duty a case in which a company having at great expense, obtained the right to carry on a certain trade, is restricted in its manner of carrying it on?—That is well put, and that is very much the case.

1927. Again, is it not the case that, whereas a brewer is only influenced by trade considerations as to the price which he puts upon his beer, the railway companies are restricted directly by Act of Parliament as to the price which they may demand of their passengers?—Yes.

1928. Therefore the analogy altogether fails, does it not?—Quite so.

1929. Are you able to give an opinion as to which

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Mr. *Knatchbull-Hugessen*—continued.

which class has been most benefited by the development of the railway system?—Of course, as regards the mere travelling, the advantage has been exactly in proportion to the inability that people had to travel; a gentleman could go about in his chaise and pair, and he has not gained so much as the artizan who had no means of going about at all.

1930. In fact, the advantage has been principally on behalf of the artizan who has been able to bring his labour to market, or to bring a market to his labour, which he could not do before?—Of course.

1931. Is it not, as a matter of fact, the wish and desire of your Board, and of every other Railway Board with which you have acquaintance, to give as far as possible facilities to the artizan and third class passenger?—Of course, it is our object, because it is the only way in which we get any dividend.

1932. You were asked as to what you would substitute if this tax were abolished; but I think, although you did not give the answer, you might fairly have replied, that that is rather a question for the Chancellor of the Exchequer?—Entirely, I think; I stated in the beginning of my evidence, that with regard to taking this question as a fiscal matter, I did not consider that it would be right to demand the immediate repeal of the duty if the exigencies of the State could not afford it; but that as soon as it was considered that it could be remitted without the necessity of imposing any other duty, the tax ought to go.

1933. I understand your objections to this tax to be mainly based upon the desirability of leaving unfettered, as far as possible consistently with public policy, any such great industry as the railway system?—Yes.

Mr. *Leighton*.

1934. In answer to a question which you answered to my right honourable friend, you said that coaches did not pay towards maintaining of the roads; they paid the turnpikes, did they not?—Of course.

1935. In answer to another question of my right honourable friend, you said that the principle upon which railways were rated to the local rates was different from the principle upon which other property is rated; is it not exactly the same; are they not rated upon what a tenant would give for using their land as they use it?—Yes; I believe they are.

1936. And the profits are allocated and the expenses are allocated in the parishes through which the line goes?—Yes.

1937. Therefore there is no peculiarity in the way in which railways are rated, which gives them any claim to remission of other taxation, is there?—I think that it is a much heavier form of taxation than any other form of taxation on locomotion; even than the turnpikes.

1938. But for local rates they are rated to the value of their land, are they not; that is to say, to the value that a tenant would give for using that land as the railway companies use it?—I believe so.

1939. The agitation which has arisen upon this matter has come from the railway companies, I think, originally, has it not?—I should think so.

1940. With regard to the greater convenience to traffic and the possibility of railway companies giving more facilities to the public, would not

Mr. *Leighton*—continued.

those be obtained if the passenger duty were raised in a different form; that is to say, if it were not raised by means of obligations and exemptions, but if it were raised as a general tax, either upon gross receipts or upon net receipts?—I believe that it is the general impression through the railway world that the injustice of that to the company would be so great that the state of things would be very little better than it is at present, because there are certain lines on which the gross receipts are only obtained after very large expenditure, and others after a very small expenditure.

1941. But as to the difficulties with regard to issuing season tickets, and the facilities which you say that railway companies might afford by a supply of tickets; all those could be obtained with equal advantage, could they not, if the duty were charged in some other form than in which it is charged now?—I do not think so.

1942. Why could they not?—If the duty were charged as is proposed by Mr. Rickman, no doubt there would be great conveniences, and in a certain degree it would remedy the evil; but still all the incidental disadvantages which are attendant upon this tax, and to which I have alluded, would remain just as they are.

1943. The difficulty which the railway companies have shown us, is that they cannot issue season tickets, because they cannot get their season tickets exempt from duty; that would be done away with, would it not?—Yes.

1944. And there would be nothing with regard to the facilities as to the supply of tickets, which could be got over?—Certainly not.

1945. There was a word which you used which I did not quite understand, and perhaps you will kindly explain it; you said you thought that on general principles the relation between the Government and the companies should be confidential; will you explain what you meant by that?—That is perhaps rather a hobby of my own, but I think that the arrangements between the Government and the railways have been rather too much in the nature of interference instead of inter-communication; I believe that the managers of the railways wish nothing better than to be on the best possible terms with all the officers of the Board of Trade and the Board of Inland Revenue, and that on both sides a great advance has been made in that direction of late years, and the antagonism between them is considerably disappearing.

1946. Do you think that that confidential relation would be injured by the fact that the Commissioners paid over a certain sum of money every year as railway duty?—No; but I think that any simpler system, such as is proposed by Mr. Rickman, would very much alleviate that difficulty.

1947. If it is necessary to continue the duty, do you approve or disapprove of those exemptions for cheap trains, as proposed by Mr. Rickman?—I suppose if that was taken away, the whole thing would disappear at once.

1948. Mr. Rickman's proposal is, that the fare of any passenger who only pays a penny a mile, or under, should be exempt from duty; why should not the whole of the railway dear traffic, as well as cheap traffic, be under the same rule?—I suppose that if it was considered that the advantages of this duty were gained by you or me when we were travelling, there would be no difficulty about it; the difficulty is, that it is

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Mr. *Leighton*—continued.

supposed to give certain advantages to third-class passengers.

1949. Do you think that it is a sound theory that there should be a difference in principle between the taxation of third-class passengers and the taxation of the second and the first-class passengers?—I quite see what the honourable Member means, but I think that that is hardly a question upon which my opinion would be more worth having than anybody else's.

1950. With regard to the companies, if the tax was limited to a certain amount, it would be the same to them, would it not, whether the tax was placed upon the whole traffic, or only upon a portion of it?—I think it is rather a question of exemption than of taxation; I understand that the honourable Member would object to the principle of exemption, and would wish that the whole thing should be levied without any exemption at all. In that case I do not think that it is quite a matter of opinion, but it is a matter of fact.

1951. Supposing that the exemptions were entirely done away with, a new duty would be put on which would be gathered in a different form; and in that new duty, do you think that it would be advisable still to continue the exemption on the special advantages to cheap trains?—I think that a certain popularity attaches to this exemption which the Legislature would be unwilling to give up.

1952. On the whole principle, do you think that it is right to impose a tax in that form?—It is purely an economical question as to whether it is right to have any exemptions. With regard to the question of the Income Tax, there are a great many persons who think that other persons should not enjoy special advantages; and perhaps the person who does not pay Income Tax derives a good deal more immediate advantage than the person who does.

1953. The third class passenger traffic is now the great passenger traffic of railways, is it not?—Yes, and the third class passenger is therefore most to be considered.

1954. And it is also the most profitable traffic, is it not?—With the railway with which I am connected, it is.

1955. And those who travel by that class have had of late years their income in wages increased more than the income of any other class of the community, have they not?—Their wages have increased considerably, but as to what they are able to pay, they are better judges than I am.

1956. But the class themselves since 1840, have increased in income, probably more than any other class?—Thank God, they have.

1957. You do not expect a diminution in fares, I think you have told us?—I do expect a diminution of fares, but I do not wish that to be considered the sole advantage.

1958. You are aware that when the tax was taken off the omnibuses, it did not affect the fares at all?—I am afraid that that is the effect of very many remissions of taxation.

1959. But you think that it would be exceptional in the case of railways, and that it will affect the fares?—I think it will.

1960. Are you aware that the result of the remission of taxation on omnibuses was to put 8 or 9 per cent. into the pockets of the omnibus companies, and not to lower the fares at all?—Very possibly.

Mr. *Leighton*—continued.

1961. You said that there were some railways that looked with terror upon the appearance of a passenger; which are those railways?—That was rather a strong phrase; but I believe that there are some railways upon which the passenger himself does not pay his duty. Of course that is a very exceptional case.

1962. Between inland towns and the metropolis, at considerable distances, is there any competition excepting between railways and railways?—There are canals.

1963. Is there any competition in passenger accommodation?—I should think that there were passenger canals though not to any extent.

1964. Therefore, when you tax railways, excepting those in surburban districts, you are taxing equally, are you not; that is to say you are not taxing one class of locomotion as against another, but you are taxing one single class of locomotion which has in its own hands the whole of the competition; is not that so?—Until there is the competition of another railway.

1965. But the untaxed competition of which we have heard so much in London, the omnibuses and the river, does not exist in the case of Birmingham to Shrewshury, London to York, and so on?—No.

1966. I did not understand what you said with regard to present dividends being paid out of future capital; is that so?—That was rather a joke, I think; at least it was meant as such; but it was in the old time. I am afraid that it was called "making things pleasant."

1967. The competition is injurious rather to the companies than to the public, is it not?—The public have gained immensely by competition.

1968. There has never been such a development of railways in any other country as in England, has there?—Nothing like it.

1969. And the duty does not prevent the call for new railways at the present moment?—No, but I think that indirectly it prevents the answer to the call; it is a check.

1970. Do you consider the case of the Metropolitan Railway exceptional?—It seems to be thought so.

Mr. *Samuda.*

1971. Your Lordship has told us that in your experience an extremely small rise in third-class fares enormously decreased the number of passengers?—Yes.

1972. Your Lordship has also told us that generally you approve of the scheme which has been put before us, for exempting third class passengers paying under 1 *d.* a mile, from duty?—As an alternative.

1973. Would not the effect of that in all probability be to make a very small reduction in the fares that would be so charged?—I have insisted upon that.

1974. And would not the natural conclusion from that be that such an alteration in collecting the duty would have the effect of giving the public a proportionate advantage, by enormously increasing the number of passengers that travelled?—Quite so; in fact what I wished to impress upon the Committee as much as I could was that they considered that it would be unfair to put forward the remission of the fares as the sole pretext that we have. We do believe that that would follow as a contingent consequence,

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Mr. *Samuda*—continued.

quence, but we base our demand upon the larger and more general principle of public justice and public convenience.

1975. Arguing from the analogy of your own experience that an extremely small rise in the fares was attended with a very great reduction in the number of third class passengers, would not an extremely small reduction of fares be attended with a very large increase of passengers?—Quite so.

Chairman.

1976. Upon the question of rating, the honourable Member for Shropshire asked you whether railways were not rated as any other property, theoretically we know that they are rated under the Parochial Assessment Act which applies to farms and so on, but practically the rate levied upon the railway far exceeds the ordinary amount levied on other property, does it not?—As I have already stated, I live in two parishes, and we ratepayers have been extremely grateful for the large proportion which is paid by the railways.

Mr. *Leighton.*

1977. Are canals treated on different principles?—I think that they are the same.

Mr. *Macdonald.*

1978. My honourable friend put the question whether the income of the wage-earning class had not increased more greatly than that of other classes of the community since 1840; now I know how easily your Lordship's statement may be misconstrued in an answer of this kind and used at a future time; is it not a fact that when you take the value of property, and when you look at the profits of trade, a greater increase has taken place in the value of property and in the profits of trade since 1840 than has gone to the wage-earning class?—That is a very serious question. I think I stated my belief and that I was glad to believe that that was the case, and if I am incorrect upon the matter, which is very possible, I can only say that I am sorry; but I have heard it so stated. One draws these analogies merely from one's experience of daily life, and according to that the wage-earning classes, at the present moment in their relations to other classes of society are more wealthy, more comfortable, happier, and with more difference of position than the commercial or the landed or any other classes.

Mr. *Macdonald*—continued.

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1979. Are you aware that the value of property has risen, and that the capitalised value of the country has risen 560 per cent. in the last 30 years?—That is so large a question that I really cannot say.

1980. Are you aware that the wages earned have not risen more than 50 per cent.?—Those are questions of statistics; probably it is so.

Mr. CHARLES RICKMAN, called in; and further Examined.

Chairman.

1981. YOU were asked, I think, the other day, to make and to furnish to the Committee some calculation as to the probable loss which might accrue to the revenue if the suggestion which you made as to the 1 *d.* exemption were carried out; have you been able to do that?—I told you at the time that it would be about 400,000 *l.*; I have not gone further into that because I have been engaged with a more particular question which you put to me at the close of the day; you asked me as to the probable increase of duty in the next five, 10, or 15 years if the judgment of the House of Lords was strictly adhered to. I wish to inform the Committee that after considerable labour I have arrived at the basis, and I believe I can make out the calculation, but it will require at least a week to carry it out, and I must ask for your indulgence until this day week.

Mr. *Knatchbull-Hugessen.*

1982. You stated in answer to Question 1707, that you thought there was less development of railways at this moment than there had been; you said, "In the next decennial period, I should think that the rate of progressive increase will not be so great as in the last; I think that there is less development of railways at this moment;" taking the increase of population and the amount of capital in the country into account, can you at all account for that?—I did not mean the development of railway traffic; I meant the development of new railways.

1983. That is what I mean; can you give the Committee any reason why you think that there has in the last 10 years been less, and that there will in the next 10 years be still less, development of new railways?—I am led to that conclusion by a comparison of the traffic tables. There has been during the last 10 years a rapid increase, which may not go on developing in the same ratio for the next 10 years.

Knatchbull-Hugessen—continued.

Mr. *Rickman.*

1984. You did not mean to say that the operation of this duty had anything to do with it?—Nothing whatever. I gave another answer in which I said that I thought that the railway companies would not be deterred from the construction of railways by a 5 per cent. passenger duty.

1985. But they might be deterred, I suppose, if the 5 per cent. passenger duty was coming upon the top of other heavy burdens?—Certainly. With regard to a promise which I made to Mr. Bruce, to look into the time tables at the Repository, I find that the farther I go back the less inclination there was to run from the one obligatory train each way daily.

Mr. *Bruce.*

1986. I understood you to say that, during the earlier part of those years, the trains which were exempted under the arrangement with the Board of Trade, would have been exempt if this Act had been interpreted as it now is?—Yes. An honourable Member asked me about a comparative statement of railways; if it would be any satisfaction to the Committee to see the growth of the passenger duty, I could on Friday next produce a table to that effect, or a statement comparing the taxes on other methods of locomotion with railways.

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Mr. *H. S. Ellis.*

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Mr. HENRY S. ELLIS, called in; and Examined.

Chairman.

1987. I BELIEVE you are a shareholder in a good many railways scattered over the kingdom?—I am.

1988. And you are a director of several companies, are you not?—I am a director of the Bristol and Exeter Railway, and of five others.

1989. Those five others are small railways, are they not?—They are all of less importance, and unfortunately they are those which, I believe, pay no dividend whatever on any of the ordinary stocks, and some of them not even on their debenture stocks.

1990. Some of those railways are light railways, are they not?—Two of them are light railways. One of them, the Hemel Hempstead light railway, is now being constructed more substantially in accordance with the wishes of the Midland Company; but the Culm Valley Railway is an example of an effort made by the inhabitants of the district to construct a cheap railway where the population is small, but the traffic is expected to be sufficient to pay for a cheap form of railway.

1991. You, having experience of those small companies and their small lines that do not pay, what is your opinion with regard to the incidence of the passenger tax upon such enterprises as these?—I venture to say that I think that it is very detrimental to the interests of the public, and that it, to a very great extent, hinders experiments of that kind being carried out.

1992. Have you any facts upon which you can rely in confirmation of that opinion?—Every railway extension in the west of England, with one or two exceptions, has been an utter failure to the promoters and the owners. I could go through the map and point out one after another, I think, which would confirm that. As my personal experience is greatest in the west of England, I would, first of all, begin with the Portishead Extension, of which the Committee may have heard. That railway carries on a large business, but I believe that it has never yet paid any dividend to the shareholders. There is another railway called the West Somerset, which a short time ago was leased in perpetuity to the Bristol and Exeter Company; I believe that until the other day, after many years, it never paid any dividend whatever; but I think that on one occasion a few months ago it did pay about one-half per cent. dividend. The Minehead extension of that railway has been carried out by the Bristol and Exeter Company at a fixed rental of 2,000 *l.* a year; as far as I recollect the facts, I do not think that it earns the amount paid by the Bristol and Exeter Company as the rent. The North Devon and Somerset Railway was undertaken many years ago.

1993. That is the line which Lord Fortescue and Lord Poltimore took up?—Yes; it was projected by private enterprise, and proposed to be sold to the Bristol and Exeter Railway Company about 10 years ago. The shareholders, believing that those extensions were detrimental to their interests, were successful in preventing its construction, and I had the honour of taking part in that prevention. There were other lines projected at the same time, called the North Devon and Tiverton. Some of those extensions, I would venture to say, have been carried out in some form or other. Those that have been carried out have paid next to no dividend, and some that are still contemplated are all hindered more or less by the fact that those railways have not paid; and one of the hindrances is, that whether they earn a penny or not, the passenger duty is charged upon the gross receipts. I should wish to draw the attention of the Committee to the way in which it bears upon one line in particular, which is the Torbay and Brixham. That was undertaken by private enterprise at a cost of about 12,000 *l.* a mile. It has carried, year by year, from 70,000 to 74,000 people, pretty constantly the same number, and at about 1 *d.* a mile; but, inasmuch as the charge, made under the three-mile clause, is a little in excess of 1 *d.* a mile, the duty is charged upon the whole receipts, and there is no exemption whatever. The third class passengers are charged 3 *d.* for a single journey, and 2½ *d.* each way for a return journey; but as the railway is only about 2¼ miles, the Board of Inland Revenue charge the duty on the whole of the receipts, and there is no remission whatever.

Chairman—continued.

1994. Could not that company have brought itself within the remission?—It would have been necessary then to have carried the passengers for 2 *d.*, and in that case the receipts would have been so small that the company would have been worse off than it is now. At the present moment, after being in use for about eight years, it has not paid one penny dividend to the shareholders or to the debenture holders; it apparently earned nothing.

1995. What has that company paid in passenger duty?—£. 50 a year; the passenger receipts in the gross are about 900 *l.* I venture to say that that frightens persons so much, that it is almost impracticable to get anyone to subscribe for a railway in the west of England.

1996. But you do not suggest, do you, that the imposition of this tax makes the difference between the railway paying, and not paying?—I should be sorry to go so far as to say that, but I say that it is the last straw which breaks the camel's back; and, as you know perhaps better than most others, when the inhabitants of a district want to get a railway company to carry out an extension, or if they want private persons to subscribe, the only chance of making it succeed is to go to an adjacent railway company and try and make a working agreement with them; in consequence of the working expenses of companies constantly increasing, there is great difficulty in getting a railway company to make a working agreement which will pay, and in getting a railway company to allow a rebate upon traffic arising from it; ultimately, possibly in some districts railway companies will allow rebates of five per cent. for traffic; but whether they allow it or not, the duty is imposed upon the gross receipts; that five per cent., I contend, is a serious drawback.

1997. The capital of this Torbay Company is about 24,000 *l.*, is it not?—Yes.

1998. The Railway Passenger Duty amounts to 50 *l.* a year?—It is a positive loss of so much every year, in addition to what has previously occurred.

1999. You bring this forward as an instance of

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Chairman—continued.

of peculiar hardship?—I regard that as one of the many things which tend to prevent the construction and extension of railways.

2000. Are you of opinion that the fact of this tax existing or not would make any material difference in the construction of a line like this?—I do not think that the imposition of the duty would prevent a railway being constructed where great railway companies are competing for a special district and expect to get a large traffic; but I do think that in these thinly populated districts it is a very great hindrance to railway extensions being made; and I should wish further to show that it hinders accommodation being given by the principal companies in thinly populated places on their main line; I can quote instances to you, if you please, of small stations being open when the Cheap Trains Act was differently understood from what it is now, such as Silverton on the Bristol and Exeter line, and Pinhoe on the South Western line. The station at Pinhoe was opened through the instrumentality of the persons subscribing for the expense of the station; but it having been opened according to the interpretation of the Act, it is necessary to stop every train at the station in order to exempt third class passengers from the tax. The same thing has occurred at Silverton. There was apparently no population at the place where the station was made, and the trains used not to stop there. Additional third class accommodation was provided for the convenience of the working classes generally, and of those who desired to have more third class accommodation, I believe at a very great loss to the Bristol and Exeter Company; but whether that was so or not since the new interpretation of the Act it has been necessary to stop every train at the station, and I believe that not once in a week is there any passenger to get in or out at that station; that hinders the public who are travelling and do not want to stop there, and there is no advantage to anyone; but it involves a very great expense upon the railway company in various ways, such as the expense of men being on duty, and the necessity of lighting all the signal lamps. At that station it involves the necessity of lighting 19 lamps from half-past three in the afternoon till ten o'clock at night, whereas previously to that the lamps were only lit at six o'clock and kept burning till eight o'clock, and a much smaller number.

2001. That is to say that between half-past three o'clock and ten o'clock the trains have to stop?—The train would stop at nine o'clock in the evening.

2002. This part of your evidence, then, is directed to show that the condition which imposes the necessity of stopping every train is one which works as prejudicially to the companies as to the public?—Both to the public and to the railway companies.

2003. What class of passengers do you mostly carry by that railway?—The labouring classes; agricultural labourers and persons of that kind; there are a few resident gentry.

2004. What are the fares upon that line?—About 1 *d.* a mile.

2005. Do you stop at those stations for the purpose of claiming your exemption?—Solely.

2006. It answers your purpose better to go to the expense of lighting your station and stopping at the station, than to forego your exemption?—It does. The train, for instance, would leave Bristol at six o'clock in the afternoon, and formerly it arrived at Exeter at 9.25; but latterly it has been as late as 9.55; it has lengthened the journey from a quarter of an hour to half an hour.

2007. Who are the losers by that?—I think the public are altogether great losers by it.

2008. You have taken a good deal of interest in this question, have you not?—As a member of the Chamber of Commerce I am cognisant of the fact that the Exeter Chamber of Commerce have been most anxious to promote the carrying out of railways in different parts of the county of Devon; and on one occasion I was asked to read a Paper before that body on the subject of light railways. Sir Stafford Northcote was present, and he considered the matter of sufficient importance to suggest to the Lord Lieutenant of the county, the Duke of Somerset, that a county meeting should be convened for that purpose; but I must say that, after a good deal of expense and a great many plans being suggested for connecting a railway with Dartmoor, there has been such great difficulty in obtaining capital that for the present it is quite abandoned.

2009. Have you read the evidence which has been given in this room?—I have been present during several days; but I have not had an opportunity of reading it in full.

2010. Have you any suggestion to make to the Committee with regard to the railway passenger duty?—I have come to the conclusion that the best thing, both in the interest of the public and of the railway companies, would be that the duty should be abolished altogether; but if that is impracticable, I think that the suggestion of Mr. Rickman is most valuable. I believe that if all fares of 1 *d.* a mile and under were exempt from the duty, it would lead to very great benefits being conferred on the public by the railway companies.

2011. Do you believe that third-class passengers would have any reduction in their rates if this duty were abolished?—I believe the practical effect of it would be to give very great advantages to the public. I think that the competition throughout the kingdom is so intense that one Company will vie with another to give the greatest possible facilities to the public.

2012. But with reference to the abolition of this duty, or the substitution which you have suggested, supposing that Mr. Rickman's plan were adopted, do you really believe that there would be any sensible diminution of fares to the travellers by third class?—It is my own conviction that there would be.

2013. Why?—I think that every railway company would try to be exempt from the duty, and the effect would be that a very large portion of the traffic would be carried for less than 1 *d.* a mile.

2014. You do not mean that the first and second class passengers would be carried at less than 1 *d.* a mile, do you?—My own conviction is that before many years are over very few fares will be over 1 *d.* a mile.

2115. Do you mean that the reduction of the duty upon passengers would lead to a reduction from 2 *d.* second class, and under 3 *d.* first class, to 1 *d.*?—I think that it would ultimately come to that.

2016. In consequence of the duty being reduced?—I will not say that, but I think that it would be one means of stimulating the reduction of fares.

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Mr. *H. S. Ellis.*

12 May 1876.

Chairman—continued.

2017. In addition to the reduction of fares which you anticipate, what are the indirect advantages which the public would gain?—A large number of persons would be carried from one station to another without being unnecessarily delayed on their journey. I consider that that is the most important advantage of all. I believe also that roadside stations would be opened in many places where railway companies would hesitate to open them at the present moment. There is one further observation that I should like to make arising out of a remark which was made by Lord Houghton as respects American railways and wayside places. I believe at the present moment there is a difficulty or some objection on the part of the Board of Trade to any platform being constructed on a railway so that passengers may get out and in unless a proper station is built. In a railway in which I am interested, the Culm Valley Light Railway, I know that some of the inhabitants were desirous to have the opportunity of getting out on the way between the stations, and there has been an objection raised to that. The highest speed on the railway, I should tell you, is limited to about 15 miles an hour; there are several level crossings, and the idea of the first promoters of the railway was that a ticket collector or the guard should collect the tickets as he went along, and that there should not be all the expenses of stations, and that the persons should be taken up and put down on the way as on the American railways; but there have been objections raised. At this moment there is a strong opinion expressed by some of the inhabitants of a small hamlet, that a permission should be given them to stop, if possible, on the way between two stations.

2018. Then you think that this application of theirs, if the law allowed it, would be granted if the abolition of the tax came about, and if you were not compelled in order to get the exemption to stop at every station?—I think that it would, and be advantageous on such railways where the population is so thin.

2019. In regard to railway companies, what would be the gain which they would derive?—I do not think for my own part that the abolition of the duty would be any very great gain to the large companies, because, where there is sufficient traffic, I think the remedy is in the hands of the railway companies themselves. To a very great extent, and with a few exceptions, I think that they can so modify the fares as to more than cover the present charge for duty.

2020. By "modify," you mean "raise," I suppose?—Yes; but the duty falls most heavily on these small and poor companies, and many of those small and poor companies are those which have done the very most for cheap fares.

2021. Have you anything to suggest in addition to what has been suggested by other witnesses upon this question, either as regards large companies or small ones?—I would mention that, instead of the gross receipts of a railway being taxed in the way they are at the present moment, it seems to me that before long we shall come to the necessity of subsidising the railways in these thinly populated districts, or the interests being guaranteed, or we shall hardly have them constructed at all.

2022. Do you mean that the State should subsidise them?—I would refer to the Irish lines, which pay no duty; and in many of the districts

Chairman—continued.

I understand that the baronies guarantee the interest upon a certain amount of capital to be raised for the construction of those railways.

2023. If it is necessary to subsidise, as you think it may be, then you consider that, *à fortiori*, there is a case to relieve; is that the way in which you wish to put it?—It is. Then it has been said that a great loss has been supposed to have been sustained by the State, in consequence of not having been able to collect the duty; but I venture to submit that the railway companies have themselves undertaken very great responsibilities in consequence of the misinterpretation of the Cheap Trains Act, and that they have done a great deal for the State that they would not have done.

2024. You mean that they have done more for the public than they would have done if they had known what the law really was?—That is my impression.

2025. So far from having done certain things, as was suggested, with their eyes open, they have done those things with their eyes blinded?—I think so.

2026. And you consider that now, having carried out those works, it is hard for them to have to bear the consequences of the misapplication of the law which was entertained by all parties?—That is my conviction.

Mr. *Macdonald.*

2027. You gave the names of a number of lines that have not paid; would you repeat those names again?—The Portishead Railway, which is an independent company, running from Bristol to the coast; I am not a proprieter of that company, but, so far as I am aware, it has paid no dividend. The West Somerset Railway, which was constructed by the landowners of that district, was worked for a great number of years, and has never paid any dividend until a few months ago, when I think that it paid a small dividend of about 10 *s.* per cent. The Minehead Railway, which is an extension of that, has lately been opened; the rental of it, I believe, is 2,000 *l.* a year, and, so far as I can recollect, the earnings of the line have not been sufficient to pay the rent itself. I mentioned the North Devon and Somerset, and I believe that I might add a great many others.

2028. All railway companies are voluntary corporations, are they not?—I believe so.

2029. They are all formed with the object of gain for the shareholders, are they not?—I do not think quite that. In the first place, they are desired by the inhabitants of the district. Very generally a solicitor is employed, and he promotes the railway; and the railway by one means or another is ultimately made.

2030. Then, as you put it, the railways are made from philanthropy?—I do not know that they are actually made from philanthropy, but many persons are induced to subscribe for shares in a railway on fallacious statements which are contained in prospectuses, or that used to be the case; but they are tired of that, and now it is almost impossible to get money under any circumstances for the construction of a railway.

2031. Then the persons under misreprentations advanced the money, those misrepresentations being that they would have a good return?—In a great many cases it has been so.

2032. Where persons have contributed to the making

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Mr. *Macdonald*—continued.

making of railways, have they not, as a rule, contributed with the view of enhancing the value of their property?—The landowners, in many cases, the value of whose property is so enhanced, do not subscribe very largely towards the railway.

2033. They have a perfect right to subscribe, have they not?—Yes, and they do so very often.

2034. Would you place the ventures of corporations in a different position from those of the trading community generally?—No, I should not.

2035. Does not your evidence tend in the direction of asking from the State help or relief, because your corporations have not been successful?—I do not press it very much in the interests of the shareholders; I press it more in the interests of the public. In some few cases, I believe that it would be beneficial to the shareholders, but I think that it is much more important to the public. As I have already stated, the large companies, I believe, have the remedy in their own hands, and I do not think that there is any difficulty about it in those cases.

2036. These lines have not been hindered from paying by the passenger duty, have they?—I think that I may quote one good example, which is the Cornwall Railway. That has been in use for more than 20 years, and it has paid passenger duty year by year; but, unfortunately, it has never yet earned enough to pay its obligations; and this passenger duty together with other things have accumulated as debt and bears compound interest, and is still due, or said to be due, to the Great Western Company. Altogether it has accumulated, I believe, with compound interest, to nearly 40,000 *l.* That Cornwall Railway is one which has been of enormous benefit to the whole country; it has brought a large quantity of produce from Cornwall to the London market; it has brought a very large broccoli traffic; it has brought a great quantity of fish which would otherwise be valueless; and it has also carried the mails and other things; but Cornwall being a difficult county for the construction of railways, and there being limitations as to the charges, it has never yet paid anything; but this passenger duty is paid the same year by year, and it has accumulated until now I should suppose with the compound interest it would amount to 40,000 *l.*

2037. There was a certain vagueness in one of your answers as to Government interference; am I to understand that you desire no interference whatever with regard to rates?—I would not say that, but I think that it is fair to bear in mind that it is necessary for a railway company to run one train a day at strictly 1 *d.* a mile, and it is necessary for the passengers travelling by those trains to be allowed to carry 56 lbs. or 100 lbs. weight of luggage (I forget which), and it may be that that restriction in some localities is of more harm than good to the company carrying passengers.

2038. But the companies, when they were formed, entered upon that with their eyes open, did they not?—Yes, I should think they did.

2039. There has been nothing imposed since they received their right as a corporation, has there?—A great many things have been imposed, as I understand, through the Board of Trade restrictions. Whenever any slight alteration has to be made at any of the stations, I believe that the station has to be inspected by the Board of Trade Inspector, and after the Board of Trade is once called in, they may make such orders as they think fit, no doubt in most cases in the interests of the public, but their impositions are of the most costly character.

Mr. *Macdonald*—continued.

2040. They do not travel out of the Act of Parliament, do they, in their requisitions?—I understood that the question which you asked me was whether or not the companies which carried out their railways in the first place were not aware of these obligations. I say that to some extent I think they were; but there have been more recent Acts of Parliament, which, I believe, have required that if the slightest alteration is made at any of the stations they should have a fresh inspection; and that inspection means, in many cases, a very considerable addition to the cost of the line of railway.

2041. I think that you stated, in answer to the Chairman, that you would do away with the railway passenger duty altogether?—I think it would be in the interests of the public that it should be done away with.

2042. You do not take into consideration the shareholders?—The poor companies, which are mostly affected by it, have only a capital of about perhaps 50,000,000 *l.* out of the whole. The large companies can afford to pay the duty, and, as I said before, if the traffic managers chose they could easily recoup themselves with more than the passenger duty; but of course traffic managers are very reluctant to raise the fares when they have once lowered them; which lowering, I believe, has been done under the impression that the passengers carried at a penny a mile were free from duty.

2043. In the large number of railways which you say have been unsuccessful speculations, is there any likelihood that the public would receive any gain if the passenger duty were removed?—I think so. I think that if they cannot be made remunerative, it will be necessary to close them altogether, and that would be a great public loss.

Mr. *Knatchbull-Hugessen.*

2044. You have been asked some questions as to the formation of railway companies. Has not every railway company come into existence in order to satisfy a public want?—I think so. The public, in every locality that I am acquainted with, are desirous of railway accommodation, and consequently by some means or other, either by the neighbouring railway companies or by private speculation, the lines have been produced.

2045. At all events the existence of a public want has called into existence every railway company?—Yes.

2046. The persons who have subscribed for those railways did not do it perhaps from philanthropy, but in the hope and idea that they would be remunerative?—I think so.

2047. Without using the word misrepresentations, it may well appear that representations made in good faith and intention, have not proved to be quite so accurate as they were expected to be?—That is so.

2048. What you ask, following up the question asked by the honourable Member, is not a relief from something which you, in common with the great trading interests of the country suffer from, but the removal of an exceptional taxation to which you are subject, and to which the great body of traders are not subject?—That is so.

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Mr. *H. S. Ellis.*

12 May 1876.

Mr. *Knatchbull-Hugessen*—continued.

2049. As I understand you, although you think that incidentally the shareholders might be benefited by the removal of this tax, the great reason of your wish for its removal, is the advantage which you think would accrue to the public?—It is.

2050. Do I state the case fairly, when I put it in this way; that you are obliged, in order to claim your exemption, to stop at every station?—Yes.

2051. Supposing that you have a line of railway 50 miles long, with 10 stations, it may happen that to stations 5, 7, and 10, a great many third class passengers would desire to go, but very few to the intermediate stations; do you think that the disadvantage of obliging all those passengers who want to go to stations numbers 5, 7, and 10, to stop at all the intermediate stations, is a very considerable disadvantage to the public?—I do.

2052. And that there is no convenience to any appreciable body of men which is created by this accompanying disadvantage; is that a fair statement of your case?—Quite so.

2053. That is one effect of over interference by the State in the management of a great system, is it not?—I think so.

2054. And the less interference there is with the development and management of any such system the better consistently with the public advantage; does that sum up your opinion?—It does.

Mr. *Ashley.*

2055. Of course, you would not say that you knew of any company where the railway passenger tax has made the difference between profit and no profit?—This poor unfortunate Brixham railway would get 50*l.* a year, if it had not to pay the passenger duty.

2056. That is impossible, because the working expenses are generally 50 per cent., are they not?—They are 100 per cent. in that case; and I am sorry to say that my experience of many of these branch railways is, that they really are 100 per cent.

2057. In that case, the only way to enable them to make a profit would be to subsidise them, would it not?—I believe that that is the only way in which you can do it, unless you can get the neighbouring companies to make a working agreement.

2058. I suppose that you are not hopeful of getting a subsidy from the State?—I do not propose that at the present time.

2059. With regard to the suggestion which we had made to us by Mr. Rickman as to exempting all fares under a penny a mile; in your experience of railway management, do you see any way in which the conferring of that exemption would hamper the traffic arrangements of any company?—I do not think that there would be any great inconvenience. Of course the total abolition of the tax would leave the companies free, but I think if you exempted all fares of a penny a mile and under you would so materially get rid of the difficulties that it would be a very great benefit.

2060. But do you not think that some new inconveniences would spring up, such as having to arrange that you would have a mile and a-half run for a mile fare?—I think it would be better to get rid of the duty altogether, but Mr. Rickman's proposal would lessen the present troubles and annoyances.

Mr. *Ashley*—continued.

2061. But the alternative is to have no exemptions at all, but merely to reduce the railway passenger duty to a per-centage which would give an equivalent to what is paid now, after deducting the exemptions?—Unless it were done in such a way as not to necessitate a constant inspection of the books, and the necessity for keeping the books in a particular form to satisfy the Board of Inland Revenue, there would not be very much gained.

Mr. *Leighton.*

2062. Do you object to the interference of the Government altogether?—I think that the books being obliged to be kept in a particular manner, and the trains being obliged to be dealt with in a particular way by the Government, interferes with the freedom of traffic managers in giving every facility to the public.

2063. Next to a total abolition of all interference and of all duty, I presume that the best thing for the comfort of the companies would be equal taxation without any exemptions, would it not?—Perhaps it would be.

2064. Therefore it would be more easy for the companies to have equal taxation upon all profits rather than exemption upon the penny fares?—In some respects it might be so, but I believe that it would be a very great gain to the public, and that it would induce railway companies to offer facilities to the public which they do not get now.

2065. Then we get rid of the difficulties of interference?—Yes.

2066. I think Lord Houghton spoke of the Railway Passenger Duty as a partial income tax; do you agree with that?—I do.

2067. Do you consider that it is so in those cases where the duty is put upon the fares?—It is not so in thickly populated places, but where you have only a thin population and can only get a certain amount of money out of the district, you tax the shareholders.

2068. But the Midland Company have succeeded in putting it on the fares, have they not?—I believe that the Midland Company have lately added it to the first class fares, but I am not a director of the Midland Company; I hope they have put it upon the fare.

2069. Do you think that they could do so?—I do.

2070. They go through a very thickly populated country, do they not?—Yes.

2071. And in that case, I presume that you would not consider it a partial income tax upon the company?—No, not in that case.

2072. The public would pay it, would they not?—The public would pay it, but I would just state the way in which I think it would affect the public. If the inhabitants of a thinly populated district near to the Midland system wanted a working agreement, I think that the continued imposition of the railway passenger duty would throw difficulties in the way of the inhabitants getting a satisfactory working agreement, because it must come into their calculation of what can be received out of the district.

2073. That is to say, supposing that the other companies with whom they wish for a working agreement have not also put it upon their fares; if

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Mr. *Leighton*—continued.

if they both put it upon the fares, I presume that no difficulty would arise?—In a thinly populated district you can only get a certain sum of money in the form of passenger fares; and, therefore, if you add the tax to the fares, it necessarily lessens the amount of money that you have to receive, and in that way it would, of course, lessen the probabilities of the Midland, or any other working company, giving you an agreement which would remunerate you on your outlay.

2074. My right honourable Friend asked you about the companies coming forward and meeting a great public want; do you think that they supply any greater public want than any manufacturer, or coal-digger, or company, or other company that starts to supply the public with anything that the public require?—I think it is a similar thing.

2075. You told the Committee that the rental of the Minehead Railway was 2,000 *l.*, I think, which did not pay anything?—It is all loss to the working company, I think.

2076. The company, I presume, takes it upon the principle of contributory value?—That, I conclude, was the reason why the agreement was made in the first place.

2077. Contributory value is a thing that is rather difficult to fix upon, is it not?—Quite so.

2078. But they considered that the rent was worth 2,000 *l.*?—Yes.

Earl *Percy.*

2079. We have heard a good deal in the course of the evidence before this Committee about the anxiety of railway companies to consult the convenience of the public; I do not want to throw any doubt upon the *bonâ fides* of the railway companies in this respect, but I wish to know what guarantee there is that the convenience of the public would be consulted by the railway companies?—I believe there is only this, that whatever most suits the public convenience pays the railway companies most. I do not know that there is any real guarantee, but meeting the public interest generally pays the railway companies most, so far, as my experience goes.

2080. Would you consider that the removal of one class of carriage from a railway, as was done in the case of the Midland Company, consults the convenience of the public generally?—No, I should almost think not.

2081. But I suppose that it would not have been done unless it had paid them?—I am not a member of the Midland Board.

2082. I only put that because it seems to me to be a case in point; is it not possible to conceive a case where the arrangements of a company might be the best, as far as pounds, shillings, and pence, to themselves were concerned, but might not be the most convenient to the public?—I do not know of any such case.

2083. Is not the case that I have just mentioned of the Midland Company, a case in point?—I suspect that it was tried by the Midland Company as an experiment, and from the reports which I see the board of the Midland Railway Company seem satisfied; but I think the public generally regard it as an open question, whether it is to their advantage or not.

2084. In point of fact, you think that the only consideration to which the railway companies ought to look is the convenience of the majority, as counted by so many noses?—I think that that is very much what it comes to. The traffic managers of railway companies see in what way they can obtain the most money out of the public, and whatever suits the public convenience most produces that effect.

Earl *Percy*—continued.

2085. Supposing that one class is more remunerative than another class, does it not follow that the less remunerative class will go to the wall?—I should think so.

2086. Is that in your opinion just, or for the convenience of the public?—I think that the railway companies can hardly help themselves; they can hardly be expected to run a number of carriages day after day and train after train empty.

2087. I am not saying that they could; but does not that point to the necessity of some other controlling power above that of the railway companies, to regulate their proceedings?—I think that it would be a great disadvantage to the public if railway companies were obliged to do a very useless work, because the effect must, of course, be to prevent them from doing other more useful work.

Mr. *Sullivan.*

2088. You have been writing upon this subject and expressing some views in print, I understand?—I have.

2089. Have you ever in your public speeches or writings, propounded the theory that the State ought directly to assist railways, as you mentioned just now?—I have not.

2090. Do you not think that here in England, that would be received with disfavour?—I should think so, certainly.

2091. And that it would be regarded as rather preposterous?—I should think so.

2092. Has the railway system to a large extent supplanted the passenger locomotive traffic of the country, which used to go on the old high roads?—It has no doubt interfered with the stage coaches, but I believe that the number of horses employed in locomotion is greater than ever.

2093. But if you take into account the extent to which the public use locomotion now, do you believe that if we had not got the railways the same development would have occurred?—I should think not.

2094. Then to that extent the railway system of the country has stepped in to supplement the highways, as regards the passenger traffic of the country?—Yes.

2095. Were those highways, upon which 50 years ago every passenger had to go in a public conveyance, all owned and worked as private ventures?—The roads, I believe, were constructed in a different manner.

2096. I am asking not as to their construction, but as to the ownership of them; of course I know that there were some turnpike roads, but were the highways of the country over which the passenger traffic passed, before railways were introduced, private company ventures, or were they owned by the State or by the localities?—I do not know sufficiently about the formation of turnpike roads, but so far as I could judge the turnpike trustees spent the money which they borrowed from various contributors, and I believe that those persons who advanced the money had very little control over the expenditure. In some respects it seems to me to be a private venture.

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Mr. *H. S. Ellis.*

12 May 1876.

Mr. *Sullivan*—continued.

2097. As a matter of fact, were not the highways of the country, as a general rule, public highways made at the expense of counties or localities, though of course I know there were some turnpikes?—I cannot answer that question. I know very little about the construction of turnpike roads.

2098. I am not asking you about the construction of turnpike roads; but as you have been writing and speaking with some authority on the matter of passenger traffic, are you really uninformed as to how that traffic was conducted before railways were introduced, and as to whether the roads over which it was conducted were public or private ventures?—I believe that almost all the traffic, previously to the construction of railways, was carried on turnpike roads. There are of course a number of parish roads and some private roads, and those turnpike roads were constructed in the way which I have stated.

2099. Then the exception in this country was a public road; have I apprehended you correctly?—A turnpike road was, I suspect, a public road.

2100. Of course the public went over it; but was it the exception in this country that the Queen's highways were public as regards ownership and construction; so far as your study and reading and speaking on this subject have gone, have you found anyone consider it very absurd that the State or the locality should be part proprietors at all events, if not whole proprietors, of the public highways?—No; I have never heard any such opinion expressed.

2101. Are you aware whether the Government in any other countries, part of the Queen's dominions except England, assist railways?—I have mentioned that in Ireland, in the promotion of railways, it was not an unusual circumstance for a barony to guarantee the interest on a certain amount of capital to be raised for the construction of railways.

2102. Has there been any direct or indirect assistance to the construction of railways in India?—Yes, I believe that there have been guarantees.

2103. Do you, as an authority upon this subject, apprehend that the State, views railways as matters that can be allowed to be treated solely as private speculations?—I think that there is a disinclination on the part of this country to interfere more than they do at present. The Government interfere through the Board of Trade with the railways of this country, but I am not aware that they have in any way subsidised them, or assisted them with any capital.

2104. Supposing that the railways were treated purely as private speculations with which the Government ought to have no more to do than with your private house or mine, what do you think would be the result at the present day as regards the interests of the country or of the public?—I am rather inclined to think that in many respects it is advantageous for the Board of Trade to inspect, and for the railways to be constructed under their supervision; but, of course, it is a matter upon which I do not profess that my opinon is worth much.

2105. As regards the working of the system, what do you think would be the effect?—I do not feel that my opinion is worth anything upon that subject.

Mr. *Bruce.*

2106. The honourable Member for Louth was speaking of the roads being to a great extent public highways; but the means of locomotion on those roads were always in the hands of private parties, were they not?—The public conveyances were in the hands of private parties.

2107. All the means by which locomotion was carried on were private speculations, were they not?—They were.

2108. They were not provided by the State or by the localities in any way?—Not that I am aware of.

2109. You are aware, are you not, that railways have been constructed on different systems in different countries?—Yes, I have understood so.

2110. For instance, the honourable Gentleman referred to the case of India; there the railways were constructed by money advanced out of public guarantee?—Yes.

2111. In France and in other countries, the government subsidised the railways in their construction?—I have understood so.

2112. But in this country there was nothing of the kind, was there?—Nothing of the kind, so far as I am aware.

2113. The railways were entrusted to private enterprise, and Acts were passed from time to time securing that they should be efficient in certain respects for the safety of the public?—Yes.

2114. But as a general rule the working of the accommodation given by those lines was left to the interests of the companies themselves?—Yes, I believe so.

2115. Do you think that the interest of the companies is a sufficient guarantee that the working will be efficiently conducted?—That is my opinion.

2116. It is only by serving the public that they can get any returns at all?—That is my opinion.

2117. And it must be their interest to serve the public as well as they can?—That is my opinion.

2118. You have had some experience in the management of railways, I presume?—Only as director, not as an officer.

2119. Do you find that the circumstances of the public requirements in different places require different arrangements, and require a good deal of care and consideration in making them?—They require the constant attention of the officers of the company.

2120. If the control of the working of the railway was put in the hands of any department, would that department have the knowledge and the means of meeting all the requirements of the public as well as the companies have themselves?—I should think that it would be very difficult, indeed, for any one central office to manage the railways of the whole of the kingdom.

2121. Allusion was made to the change which has been made by the Midland Company; no other company has adopted that change, has it?—I am not aware that any other company has.

2122. You mention I think that it was an experiment?—I understood it to be an experiment.

2123. And I suppose that experiments must be made from time to time or you would not make any progress if you stereotyped yourself to one system?—No doubt.

2124. I understood

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Mr. *Bruce*—continued.

2124. I understood you to say, with reference to the railway passenger duty, that the duty as now levied produces a great public inconvenience by discouraging the running of express trains at low fares and by preventing the multiplication of small stations which might be otherwise useful?—That is my opinion.

2125. In addition to that do not some of the companies add the duty to their maximum fares?—I believe that a good many do, but I understand that there are some companies which really have not the power to do that.

2126. Do you do that on the Bristol and Exeter Railway?—We do not.

2127. The abolition of the duty would get rid of those public inconveniences, would it not?—I think so.

2128. The proposal of Mr. Rickman to make the exemption extend to all fares of 1 *d.* a mile and under, would also get rid of several of those inconveniences, would it not?—I think that it would, and be a very great public benefit.

2129. It would enable the companies to work their traffic without being so much hampered as they are now by these restrictions, would it not?—It would.

2130. You spoke of the requirements of the Board of Trade; those requirements are now very much more extensive than they used to be, are they not?—I understand so, but my experience has only extended over the last 10 years.

Mr. Serjeant *Spinks.*

2131. I think that you reside in the west of England?—I do.

2132. And you are therefore, I suppose, well acquainted with the wants and necessities of that part of the country?—I have lived there all my lifetime, and I have filled the office of Mayor of Exeter, and I have been an active member of the Chamber of Commerce and of many other public institutions in the city of Exeter and the neighbourhood.

2133. Are small connecting railways to connect one small place with another very much wanted in that part of the country?—So much so that Sir Stafford Northcote proposed a public meeting to ascertain in what manner they could be best carried out.

Chairman.

2134. In what year was that?—I think that it was in the year 1871 or 1872.

Mr. Serjeant *Spinks.*

2135. Is it the fact that owing to the difficulty with regard to pecuniary matters several of these desirable railways were not carried out?—That is so.

2136. May I then conclude that it is very desirable, in the west of England at any rate, not to put any restriction whatever upon the construction of those railways?—I think that it is most desirable. The ordinary difficulties of constructing a railway are so great that they almost overcome more than ordinary people. My experience is such that I do not think that I should be induced to undertake any other railway. The country of course is very hilly.

2137. I need scarcely ask, though it is only one element among others, whether this railway tax does not operate as a restrictiom to some extent upon the construction of railways?—That is my opinion.

2138. You have referred to the Torbay and Brixham line, which you say has been open for some years?—It has been open since the year 1868.

2139. I understand you to say that it does not pay even interest on debentures?—It has never paid any interest even on debentures.

2140. Do the profits and the expenditure of that line about balance?—According to the accounts furnished by the South Devon Company, it is many hundreds of pounds worse off than when it began.

2141. Is there a deficit continually increasing?—The accounts are at this moment under dispute; but, as furnished by the South Devon Company, they are worse off than they have ever been.

2142. Have you a binding agreement with the South Devon Company to work that line?—The case is likely to be heard before the Railway Commissioners in a few days, and therefore I would rather not express an opinion upon the subject.

2143. Supposing that it turns out the Torbay and Brixham line itself has the responsibility of working this railway, if the deficiency is increasing, is it probable that that railway may be closed?—The Great Western Company is about to make a different arrangement, and the probability is that it will be worked; but if it had continued in the same hands as it was in a year or two ago it would have been absolutely necessary to close it.

2144. Does not that railway, though it is a very short one, accommodate a very large number of persons?—It carries, I think, about 10 times the whole population of Brixham every year. The population of Brixham is about from 7,000 to 8,000 people, and for several years the railway has carried as nearly as possible 73,000 persons.

2145. Is the class of people that it carries fishermen, and people of that class?—Almost all of them are of the wage-earning class.

2146. Do you take them with a certain amount of fish, or of luggage?—At the present moment, the fares are 5 *d.* for return third class ticket, and the passenger, I believe, carries upwards of 50 lbs. weight, not of personal luggage, but of fish.

2147. I need scarcely ask you whether the closing of that railway would be a very great loss to that part of the country?—It has one of the largest traffics of any railway in the west of England of a branch kind.

2148. It would be a serious matter to have that railway closed then, would it?—Most serious.

2149. I have only asked these questions as an illustration, and with regard to what may probably happen with reference to several other railways in the west of England with which you are acquainted?—Quite so.

2150. Turning to the question of the station on the Bristol and Exeter Railway; you opened a station, I believe, at a place called Silverton?—We did.

2151. When you opened this Silverton station, did you anticipate traffic at that station?—It was opened at the request of the inhabitants of the neighbouring village, which is about a mile-and a-half distant.

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Mr. *H. S. Ellis.*

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Mr. Serjeant *Spinks*—continued.

2152. And you anticipated from that village a certain amount of traffic, I presume?—Yes.

2153. Did you find the traffic equal to your expectations?—For a long time I think that the receipts from the passengers were about enough to pay for the man in charge of the station; but I believe that that traffic has increased.

2154. Having once opened that station, are there difficulties in the way of closing it again?—I am not quite sure about that; I think that there are none, but I am not quite positive.

2155. Still there would be a difficulty with regard to the convenience of the inhabitants who may have settled there in consequence of the station being opened?—Yes; it would be a disadvantage to the inhabitants, no doubt, for the station to be closed.

2156. It imposes upon you a considerable amount of inconvenience in working your trains, to have to stop at this station, does it not?—Quite so.

2157. And also I understand that it imposes a good deal of expense on you?—A great deal; it obliges another man to be kept there.

2158. Without entering into all the detailed items, would not this make you, as a manager or director of a railway, very cautious in opening a new station in future?—Certainly.

Mr. *Samuda.*

2159. With regard to this Brixham Railway, there must be something very exceptional in it; you have told us that it cannot pay any dividend whatever?—It has been in operation since 1868, and it had never paid any dividend or interest to the debenture holders.

2160. And yet it carries an enormous traffic?—It does.

2161. What are the receipts of this railway per mile per week?—The arrangements are somewhat peculiar, no doubt, from its being mixed up with the South Devon Company. The matter will have to be heard before the Railway Commissioners in a few weeks, and then the facts of the case will be known.

2162. But you can give me the receipts over your own line, can you not?—The total receipts are 1,600 *l.* a year for about 2¼ miles of line; it was about 865 *l.* for the half year. I have here a report which was presented to the shareholders in August 1875; it is not the most recent report, but it is the only one that I had at hand.

2163. Then, it is a receipt of about 14 *l.* per mile per week, is it not?—Yes.

Chairman.

2164. Who works it?—It is one of those questions that I am scarcely at this moment able to answer.

2165. It is worked, is it not?—It is worked; we work it ourselves we suppose; but it is a difficult question to say whether the South Devon Company work it, or whether we work it. The whole matter is going before the Railway Commissioners to be settled. The Torbay and Brixham Company has a large claim against the South Devon Company.

Mr. *Samuda.*

2166. At any rate, whatever the result of that is, you would not, I presume, wish to put this before us as an example of the hardship of the Railway Passenger Duty?—I think that it is an undesirable thing that a small undertaking such as that, constructed in the interest of the public, should be taxed.

2167. So it might be an undesirable thing that a large railway should be taxed; but if the whole tax was swept away to-morrow you would be in no better position, or only to the extent of 50 *l.* for the whole year, would you?—That would be the immediate effect. I think that there would be other advantages if the duty were taken off, but it is of no great importance so far as that is concerned.

2168. Have you any special competition on that line which prevents you from raising your fares?—I believe that the practical effect will be that the fares will be raised. There is no special competition to deal with on the line.

2169. Neither boat nor coach?—None.

2170. In fact, the whole thing seems to be a mistake, does it not?—As it has been worked, it is a mistake. The original cost of the line was about 12,000 *l.* a mile.

Mr. *Bruce.*

2171. Is it not too short a line to work profitably, independently?—I think that all these small companies are a mistake, myself.

Chairman.

2172. You have been asked by the noble Lord whether, supposing that this Railway Passenger Duty were abolished, there would be any guarantee that the public would be gainers; you can give no guarantee now except the guarantee of self-interest?—That is the only one.

2173. That guarantee of self-interest would still remain if the Railway Passenger Duty remained, would it not?—Quite so.

2174. But, I presume, that you mean to convey that, if it were abolished, the railway companies would have a greater opportunity of consulting the public convenience than they have at present?—Quite so.

2175. The only guarantee which you would have would be, as you have now, the guarantee of the inducement to do your best for the convenience of the public, and so to increase your dividend.

Sir *Harcourt Johnstone.*

2176. Whose is this one engine in stock; does it belong to you, or to the other fellows?—It is the property of the Torbay and Brixham Company.

2177. Is it not rather a one-horse sort of affair altogether?—Rather.

Chairman.

2178. How many trains a day do you run?—Eighteen (nine each way).

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Mr. ROBERT STANLEY MANSEL, called in; and Examined.

Chairman.

2179. I BELIEVE that you are the General Manager of the North London Railway?—I am.

2180. Have you been so from the beginning?—No, not from the beginning, but for the last thirteen years I have.

2181. In what year was that line opened?—The first portion was opened in 1850, and in 1861 they obtained fresh power to make the City Extension line.

2182. Are you aware of the terms upon which, from 1850 to 1865, the cheap traffic was conducted, and exempted from duty by the Inland Revenue?—Yes.

2183. Will you state, if you please, what those terms were?—You will see that the line commences with a line from Chalk Farm; it then proceeds to Dalston, and comes to the City over a line at right angles, or nearly so; then another section continues over the blue line proper down to Blackwall, and it connects at the West End with Hampstead Junction, and then goes down to Richmond and Kew. Originally the line as authorised and opened in 1850, ran from Chalk Farm continuously (this piece to the City not then being made), and joined the Blackwall Railway by a junction from Bow; it then passed over the Blackwall Railway into Fenchurch-street. The mode in which the traffic was worked was, that trains were run every fifteen minutes from Chalk Farm to Fenchurch-street. Some time after the opening of the line, trains were started which did not stop at all the stations; at first, the trains stopped at all the stations throughout.

2184. How many trains were there?—The stopping trains ran every quarter of an hour throughout the day; two or three fast trains ran in the morning and in the evening.

Mr. *M'Lagan.*

2185. How long did it take to go the journey?—It took about 35 minutes to get from Chalk Farm to Fenchurch-street.

2186. Were those fast trains or slow trains?—The fast trains did it in about 25 minutes; the stopping trains stopped at all the stations throughout, except on the Blackwall line; they did not stop at Shadwell, but ran from Stepney into Fenchurch-street. The fares were regulated very much upon the omnibus principle. Of course the maximum was governed by the competition between the termini, and the local fares were regulated at something below that; but for a considerable distance there would be an uniform fare after the first few miles.

Chairman.

2187. What was the comparative distance from Chalk Farm to Fenchurch-street, the two extremes, by railway and by omnibus?—It was a much shorter route by road, but in point of time it was rather longer by road; however there was not a very great difference in point of time.

2188. The elements of competition then were pretty even?—They were pretty even. The Board of Trade at that time granted a certificate under which the company claimed exemption from duty in respect of the passengers carried by those trains when the fare was less than 1 *d.* per mile, although that fare did not apply to all

Chairman—continued.

the stations. The passengers were carried at the fare of 1 *d.* per mile to all stations only by a certain number of trains daily to comply with the requirements of the Act; there were about four trains each way.

2189. In point of fact the Board of Trade, then, exercised that dispensing power which they thought that they possessed?—They did so; there was no question raised at that time as to the dispensing power of the Board of Trade. The certificate was granted and the exemption was claimed by the company, and allowed by the Board of Inland Revenue. I should mention that the form of application made to the Board of Trade at that time was not the form which has been since adopted of sending in the time table with circled trains; but we had to give a most elaborate return showing each pair of stations between which the accommodation was afforded. That was continued for some years, I think; up to 1860, certainly, and it was only given up at last at the suggestion of the Board of Trade, they no longer requiring it because of the excessive cumbersomeness of the whole thing; I dare say that the return by the North London Company would be several feet long.

2190. Did that cause you a good deal of trouble in making the calculations?—There was an immense deal of trouble and expense, of course.

2191. Was the exemption which you then enjoyed limited to third class passengers, or was it limited by the rate of fare?—The company had no so-called third class; they had two classes, following in that respect the example of the omnibuses. But theirs being an East End line almost altogether, they had very few of the upper ten thousand to deal with; they were chiefly either men of the working class or middle class people, tradesmen, and others; and therefore the second class fares were generally lower than 1 *d.* per mile, and the first class fares were very little over 1 *d.* per mile, and there was no necessity felt for a third class. The question was raised by the Board of Inland Revenue whether the lower class should not be called third class, and for some time the company had no class at all marked upon the inferior class of carriage; they were first class and no class.

2192. At all events, that was done with the knowledge and concurrence of the Board of Inland Revenue?—Yes, it was done with the knowledge and concurrence of the Board of Inland Revenue, and with the entire knowledge and sanction of the Board of Trade.

2193. When the line was originally opened, what was the principle upon which the charges were made?—They were made very much upon the principle of the omnibus charges; an uniform fare was charged for whatever distance was travelled, with the exception of those trains which were run to comply with the Act.

2194. When was that system altered?—It was altered in 1861, I think, or thereabouts.

2195. Why was it altered?—With a view of affording better accommodation to the public. Then a modification was made of the fares, and a very considerable reduction, bringing a great many of the fares which had been previously

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Mr. *R. S. Mansel.*

12 May 1876.

Chairman—continued.

paying duty under the exemption; that was also done with the sanction of the Board of Trade.

2196. Have you any figures to show what the amount of reduction was, and what the increase of passengers was as regards the fares?—I am afraid that I could hardly give you that, but the fares were in many cases reduced below one-half of what they had previously been. There had been an uniform fare of 6 *d.* and 4 *d.*, and those were reduced in many cases; in fact, we have fares now as low as 1 *d.*, running from 1 *d.* to 6 *d.*, 6 *d.* being the maximum for a first class fare.

2197. For what distance?—That is for six miles; we run six miles for 4 *d.*, but the 1 *d.* fare would apply for one of the shorter distances.

2198. What was the number of passengers carried in the first year that the line was opened?—We carried in the first year, when the line was opened, 3,822,950 passengers.

2199. Up to 1864, when you had your City extension, how many did you carry?—In 1864, which was the last year that we worked the old line, we carried 8,073,000. Then, in 1866, the first year when the branch was opened to the City, and when we got the improved communication, we carried 14,783,386 passengers.

Mr. *Samuda.*

2200. That was working a longer distance of railway, was it not?—When this branch was opened to the City it became necessary to alter the system of working altogether. We then had to work one service of trains between Chalk Farm and Broad-street, and another service of trains between Poplar and Blackwall and Broad-street, the two interchanging at that fork at Dalston Junction. So that that in fact doubled the train service, although it increased the mileage to some extent on the whole; each service ran less mileage, but the two together ran considerably more than before.

2201. But the 8,000,000 of people were taken over a much greater mileage?—The 8,000,000 of people were taken over a much greater mileage. For the year ending December 1875, we carried 24,120,488 passengers.

Chairman.

2202. You had, in consequence of the opening of the City Extension Line, to revise your fares, had you not?—We had to revise all the working arangements at that time.

2203. And your fares as well?—Our fares as well, to some extent.

2204. In carrying out these alterations had you to put yourselves in communication with the Board of Trade?—We had, of course, to submit the altered time tables to the Board of Trade, and to ask their sanction to the arrangements which were then proposed.

2205. In what year was that?—That would be in the year 1865, I think.

2206. At that time was some question raised as to the dispensing power of the Board of Trade?—At that time we were informed by the Board of Trade, in reply, that a question had been raised by the Board of Inland Revenue with reference to their dispensing power, and some interviews took place with the Board of Trade, and some correspondence passed at the time, which ended in their giving us a certain qualified certificate, which was different in form from what we had before.

Chairman—continued.

2207. Did you then comply with the conditions of the Cheap Trains Act entirely, or had you certain exemptions afforded you by the Board of Trade?—The Board of Trade had given us a certificate under which we had claimed exemption in respect of passengers carried at fares of 1 *d.* per mile or under, although those trains might not stop at all the stations, nor did they in some cases start from a terminus; they did not run from end to end of the line.

2208. Were those exemptions allowed by the Board of Trade?—They were allowed by the Board of Trade.

2209. For how long?—Up to the time of the recent decision in the Court of Exchequer in 1874.

2210. Before this time you had consulted counsel upon the subject, had you not?—The Board of Trade continued to grant us this certificate up to about, I think, 1869; but after that, we having had a notice that the Board of Inland Revenue were about to raise the question, and that it would probably be tried in one of the courts of law, it was understood with the Board of Trade that their certificate should be retrospective if the Court decided that they had power to give it; but they did not feel justified in giving the certificate any longer in the face of the notice from another Government department that their right to do so was questioned.

2211. Did you at that time take the opinion of counsel upon the question?—We took the opinion of counsel upon the point, and it was submitted to Sir Hugh Cairns, Sir William Bovill, and Mr. Lloyd, at the same time with a full knowledge of the opinion which had been given by the law officers of the Crown in respect of a case which was submitted to them by the Board of Inland Revenue.

2212. Was the opinion of Sir Hugh Cairns, Sir William Bovill, and Mr. Lloyd in your favour?—It was decidedly in favour of the company that the Board of Trade had full power to grant the certificate, and that under that certificate we were entitled to exemption.

2213. I am afraid that Sir Hugh Cairns had a different case presented to him from what Lord Cairns had?—He took a different view of it at any rate.

2214. We cannot assume that he took a different view of the same facts; but, however, it is the fact that you acted upon Sir Hugh Cairn's advice, with reference to the dispensing power of the Board of Trade, and that is at variance with the judgment which is now given in the House of Lords?—Entirely so.

2215. The original decision was in favour of the company, was it not, with regard to the class?—Yes, and that is confirmed since. The only question that we ever heard raised at all by the Board of Inland Revenue prior to the opening of our City Extension Line was that as to the class, and that point was given by the Court of Exchequer, and subsequently confirmed by the House of Lords, in favour of the company.

2216. What was the question with regard to class?—Whether we were required to convey the passengers as third class or not, under the wording of the Act.

2217. That point was raised when you had no class?—We had no class; they were then called second class, simply because we had two classes.

2218. Then

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Chairman—continued.

2218. Then it was held that there was nothing in the word "class," and that what guided it was the price?—Exactly.

2219. In the first instance, of course, as you say, you had omnibus competition and so on to meet you; has that been continued?—That omnibus competition has continued, and even increased, and we have also the addition of the tramways since; the omnibuses are quite as numerous as they were, and I think more so; the tramways have been laid down in many cases parallel to the railway; for instance, in the case of the City Extension Line, there is a tramway which runs parallel to it the whole way.

2220. So that you have the benefit of another competition in addition to what the Metropolitan Company have?—We have; we feel that competition particularly, because in some cases the trams have actually been laid down on streets which were widened by us at our own expense, on the requisition of the parishes, upon the ground that it would be a great convenience if the streets were widened; and then after being widened a tram is laid down over the widened portion in competition with us.

2221. If you had not widened them the law would not have allowed the tramway to come there?—Probably not.

2222. Have you a Return to show the comparative receipts of the London General Omnibus Company and the North London Railway Company?—There was a Return taken out in the year 1865 of a comparison between the London General Omnibus Company and the North London Railway Company. At that time the number of passengers carried by the London General Omnibus Company was 44,000,000, as against 9,281,000 carried by the railway company. The receipts were 616,000 *l.* by the omnibus company as against 119,000 *l.* by the railway company. At that time the charges were 8·71 per cent. of the receipts on the omnibuses, the charges being the license duty and the mileage duty which was then charged. The taxation directly on the railway company amounted for Government duty to 2·84 per cent. Then the local rates amounted, in the case of the omnibus company, to ·30 per cent. on their receipts, and in the case of the railway company to 2·46 per cent. The omnibus company had to pay in turnpikes what was equal to ·99 per cent. on their receipts, and the railway company maintained their own way, and taking the half of that as due to the passenger traffic (the line carrying goods as well) the cost amounted to 2·06 per cent.; making the comparative taxation by those additions, altogether, taxes and permanent way, 10 per cent. upon the omnibuses and 7·36 upon the railway.

Mr. *Samuda.*

2223. So that you still had an advantage over the omnibuses?—We still had an advantage at that time; but, of course, there is no interest taken there on money expended in making the road.

Chairman.

2224. Taking the years 1873 and 1875, how did they work out?—In 1873 the mileage duty had been taken off and it left the omnibus company tax, taking the same items as before, 1·53 per cent. upon their receipts, whereas the tax upon the railway company, from the increase in the rates, was raised to 11·46 per cent. The

Chairman—continued.

omnibus company had had the higher taxation in the other case, and the railway company had changed places with them in 1873. In the year 1875, the horse duty having been taken off, it left the comparative charges thus: the omnibus company ·81 per cent. upon their receipts, and the railway company 12·98 per cent. upon their receipts.

2225. That was a large increase again?—It was a large increase again, the difference being due to the horse duty, and to the total abolition of the turnpikes.

2226. Tramways pay no duty as means of locomotion, do they?—They pay no duty whatever.

2227. All that they pay is a matter of private arrangement with the parishes, rather by provisional order, or by Acts of Parliament, is it not?—That is so; the railway company feel a hardship to some extent also, because since the abolition of the turnpikes they, as large ratepayers, are called upon to contribute very largely to the maintenance of the roads over which the omnibuses and tramways run.

2228. It seems therefore that what with those omnibuses and tramways it would be a mistake to say that you have got what is popularly called a monopoly in this district?—We have nothing that could be at all termed a monopoly.

2229. Of course the habits of the people are more locomotive than they used to be; I do not know whether the increase of population accounts for it, but there are more carried now by omnibuses than there used to be; is not that so?—The omnibus traffic has considerably increased.

2230. Therefore the effect of the introduction of your railway into this district has not been to drive the passengers from the omnibuses, or to drive the omnibuses off the road?—No, not all; the number of passengers carried by the omnibuses in 1865 was 44,000,000; in 1873, 46,000,000, and in 1875, 49,000,000.

2231. Therefore they have not diminished, and of course the same reasons or causes of increase have not arisen to them as they have to the railways, because you opened a new line in 1865?—Our traffic was very largely increased on the opening of the new line in 1865.

2232. With reference to a point which has been made against the railway interest to the effect that you spend your money, and got your new lines, and so on, with what has been called your eyes open, in what state were the North London Company's eyes?—When the line was first constructed, of course, as regards taxation, the Company would be in the same position as any other person, they would look upon the taxation as being liable to variation according to circumstances; but as regards the passenger duty they could only have viewed it in the same light that the Board of Trade and the Board of Inland Revenue then regarded; it this new light was never considered.

2233. In its origin the North London line was merely a goods line from the London and North Western Railway to the Docks, I believe?—It was meant simply as a connection between the London and North Western Railway and the Docks; but although it is a very large passenger line, it is a most important connecting link between all the large systems of railway coming into London. It connects the Great Eastern, the Great Northern, the Midland, the South

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Mr. R. S. Mansel.

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Chairman—continued.

South Western and Great Western; and again, by means of Kensington, it brings the London and Brighton and South Coast, and all the railways south of the Thames into connection with the north. When the line was first opened, passengers were not expected to be the staple of the traffic.

2234. The effect of the decision of the Court of Exchequer, of course, has been to upset all the arrangements which you had previously made with the Board of Trade?—The effect of the decision of the Court of Exchequer was simply to entirely destroy our exemption with the exception of one train each way daily, and to render the traffic subject to 5 per cent. all round.

2235. That is a very large amount, I presume?—It doubled our passenger duty; whilst the taxation on the omnibuses has been remitted to so large an extent, it doubled our payment.

2236. What was the amount of the passenger duty?—It raised it from about 6,000 *l.* a year to a little under 11,000 *l.* a year.

2237. Accepting the law as now determined, is it possible for you, situated as you are, to comply with the conditions which would give you the exemption?—It would be impossible for us to do so for two reasons; in the first place, it would be productive of so much inconvenience to the passengers, that we should find it practically impossible to comply with them.

2238. That is to say, that you would drive off the traffic?—We should drive off the traffic, particularly having regard to the competition to which we are subjected; and if we comply with those requisitions to save the duty, we should be subject to a large expense in the working, which would more than swallow up the whole amount which we should derive. As an illustration, I may mention the trains which come to us at Camden, running through to the City, only stopping at three stations on the road; they afford therefore a quick communication between Camden and the City, and also between Islington and the City; if we were to stop those trains at all stations it would have the effect of depriving those passengers of the quick communication, and would have a tendency to drive them off to competitive lines.

2239. You told me that originally the time taken by the railway and by the omnibuses was pretty nearly the same?—The time taken by the railway and by the omnibuses was pretty nearly the same; it is less by railway since we opened the City Extension Line.

2240. What number of stations would the case that you have just put involve your stopping at?—We should have to stop at four additional stations.

2241. What time would that involve, on the average?—It would make a difference of very nearly ten minutes on the whole; I do not mean to say in the direct stoppages, but in the slackening and starting again.

2242. In point of fact, it would involve ten minutes waste of time between point and point?—It would; and another thing is, that there is a practical absurdity about it, because the trains come to Camden full, and therefore you have to stop a train which is full already at a number of stations, simply for the purpose of complying with the provisions of the Act. We have a connection with the Great Northern Railway by a little branch which runs from Canonbury to Seven Sisters, and we work a service of trains up as far as Barnet on the Great Northern Line. The passengers by those trains are very anxious indeed to get to the City as quickly as possible, but we are obliged to stop them at every station between Canonbury and Broad-street, the traffic to those intermediate stations being almost nothing, simply for the purpose of complying with the Act; because the moment we cease to stop at those stations to give them a quicker communication, we become subject to the tax.

2243. Then the alternative is either for you to submit those people to this inconvenience, and so to get your exemption, or, in the other case, you have to pay the duty?—We have to pay the duty, and out of our own pockets, as we cannot possibly recoup ourselves from the public.

2244. Then, in addition to the inconvenience to the passengers which you have pointed out, is there also an inconvenience attending this with reference to the working of your other traffic on the line?—Very great inconvenience.

2245. I do not know whether you were the gentleman who used the expression which my honourable and learned friend used about these regulations hampering the traffic from point to point on the line?—I did not use it, but I should be very happy to endorse it.

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Tuesday, 16th May 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Viscount Crichton.
Lord Claud Hamilton.
Sir Harcourt Johnstone.
Mr. Knatchbull-Hugessen.
Mr. Leighton.
Mr. Macdonald.
Mr. Arthur Peel.
Earl Percy.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. THOMAS HENRY FARRER, called in; and Examined.

Chairman.

2246. WHAT is your official position?—I am permanent secretary to the Board of Trade; originally there was an independent Railway Commission. About 1850 the Railway Commission was amalgamated with the Board of Trade, and there were then two joint secretaries, and the railway department was under one of them; subsequently, in 1866, the constitution of the Board of Trade was altered, and at that time I became the permanent secretary, and under me there has been since then, and is now, an assistant secretary who has the immediate management of the railway business; but my personal connection with the railway business did not begin before 1866.

2247. Still you were aware of the condition of things with reference to the railway passenger duty, I presume, before you more particularly took up that branch?—To a certain extent.

2248. You have, I daresay, read the evidence which has been given before this Committee?—I have read most of it.

2249. Have you any modifications or qualifications to offer to what I may call the historical account of the railway passenger duty?—Yes, there are certain things which I wish to say on that point, although I do not propose to go again into the full details which Mr. Melvill has given as to the history of the tax. It seems to me that there are two distinct questions, the one being the question of the exemption, and the other being the question of the tax; and they have been rather mixed up together in a good deal of the evidence, especially in the evidence on the railway side of the question; I think that it is very important to keep those two questions distinct.

2250. Do you think that it has been more mixed up on the railway side of the question than it has been by Mr. Melvill and Sir William Stephenson?—It has been mixed up in this way, that Mr. Forbes and others, on the part of the railways, have spoken as if the inability to get an exemption was a restriction upon their freedom of action, and as if that restriction proceeded from the tax, whereas in reality it proceeds, if it is to be called a restriction, from the exemption.

2251. Is not that the view which has been presented also by others besides Mr. Forbes?—Yes, by a great many others.

Chairman—continued.

2252. Do you not think that that was the tenor of Sir William Stephenson's evidence too?—To some extent; but I think that the two questions of the tax and the exemption are thoroughly distinct. I propose to go first into the history of the exemption, and afterwards to go into the history of the tax; and then into the question of the justice or injustice, or of the expediency or inexpediency of the tax.

2253. With regard to the early legislation, I do not presume that it is necessary to go through that again?—No; but I should like to mention what was the origin of the exemption, and before doing that I would beg to refer the Committee to the statement in the Report of the Joint Committee upon Amalgamation in 1872 upon the subject of this exemption. They went very fully into it, and they reported fully upon it, and it was important there, because the question before them was to what extent legislation was desirable or expedient for the purpose of limiting fares, or dictating what the specific accommodation for the public should be. The history of this exemption, and of the obligation to run cheap trains, was put forward by them as a very good illustration of the difficulty which the Legislature always finds when it attempts to prescribe what commercial wants will probably settle for themselves much better than any legislation. The Joint Committee therefore went very fully into the question of the obligation to run cheap trains, and the upshot of their report is that this obligation to run cheap trains, and the exemption which formed a consideration for the obligation, were really unnecessary; and that railway companies had done much more for the third-class passengers from their own self-interest than was ever, or could ever have been, required from them by Parliament as an obligation.

2254. But I do not see that that quite affects the question of the justice of the tax?—No, but I desire to keep the justice of the tax entirely distinct; I am now dealing solely with the exemption

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Mr. *Farrer.*

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Chairman—continued.

exemption. The tax was imposed in 1832; it was then a halfpenny a mile for every four passengers conveyed. The first time at which any tendency to an exemption appears is in the Report of the Committee of 1840, of which Sir Robert Peel was a member. That Committee pointed out that the tax pressed very hardly upon third-class traffic, which of course it did. That Committee recommended two alternatives: first, a tax on gross passenger receipts, which is the alternative ultimately adopted; and, secondly, a very complicated system of a tax graduated inversely to the amount of the fare, as compared with the statutory maximum. That, I presume, was rejected as being too complicated. The tax was altered in 1842 to 5 per cent. upon the gross passenger receipts as it stands at present; and I observe that in Sir Robert Peel's Budget budget speech he says much of the hardship of the tax then existing upon coaches, but he says nothing of the hardship of the tax upon railways.

2255. Did not the context lead to this: that all taxes on locomotion were, in his judgment, inexpedient?—I think scarcely that, because he continued the tax on both, but modified both.

2256. You assent to the statement that the tax was placed upon railways, not as railways, but as means of locomotion?—I think that it is pretty clear that if there had not been a tax upon other modes of locomotion, this form of tax would not have been adopted for railways.

2257. Is there any suggestion that any other taxing would have been imposed?—I do not say so; but when I come to the question of the tax I shall argue that that is not the question.

2258. When you used the expression "the form of tax," it occurred to me that it was passing in your mind that there had been some suggestion that there should be some other tax; but was not the only grounds upon which railways were taxed because they were means of locomotion?—And because there were taxes upon other means of locomotion at the same time.

2259. It was to put them all on an equality?—I say nothing to the contrary. The first place in which the recommendation of this particular exemption occurs, is in the Third Report of the Select Committee on Railways, 1844. That was a Committee comprising many able men, who took a great deal of pains with the subject. Mr. Forbes has spoken of it as if it recommended something very different from the Act of Parliament which was actually passed. I am anxious to show that that was not the case, or, at any rate, that their recommendation was not a recommendation more favourable to the railways.

2260. Are you referring to that part of Mr. Forbes's evidence, in which he said that the resolution of the Committee had been to some degree affected by the way in which the Bill was drawn by the draughtsman?—Yes.

2261. That is a matter upon which it is open to anybody to form an opinion, looking to the resolution and to the Act?—Yes. These are the resolutions of the Committee: "That the companies may be required to provide upon such new lines of railway as a minimum of third-class accommodation, one train, at least, each way on every week day, by which there shall be the ordinary obligation to convey such passengers as may present themselves at any of the ordinary stations, in carriages provided with seats, and protected from the weather, at a speed not less than 12 miles an hour, including stoppages, and at fares not exceeding a penny per mile, each passenger by such train being allowed not exceeding 56lbs. of luggage, without extra charge, and extra luggage being charged by weight at a rate not exceeding the lowest charge by other trains; children under three years being conveyed without extra charge, and children from three to twelve years at half-price. That the tax upon the receipts from such conveyance of third-class passengers should not exceed *one-half* of any duty that may be laid upon the general traffic of railways. That the Board of Trade have a discretionary power of dispensing with any of the above requirements" (possibly, what Mr. Forbes meant was, that they intended that the Board of Trade should have the power of dispensing with all the requirements, which is contrary to the late decision), "and of allowing alternative arrangements, which shall appear to it to be better calculated to promote the public convenience upon any particular railway, and that the Board of Trade have a discretionary control over the train which satisfies the above minimum requirement as regards time of starting, nature of accommodation, arrangements with connecting lines, and other points of detail, subject to the above general principles, and to the understanding that such control is to be limited to the train in question." The obvious conclusion from that Report, I think, is that the Committee thought that it would not be to the interests of the companies to run these cheap trains; that they ought to be obliged to run one cheap train; and that in return for that obligation they ought to be exempt, not from the whole, but from one-half of the duty for that one train. Then we come to the Act itself, 7 & 8 Vict. c. 85, 1844, which is the thing to look to, and not the Report of the Committee, because of course the Act conveys the real intention of the Legislature; I will not read the Act again, as it has been read so often, but I observe that, first, in Section 6, there is an obligation to run one cheap train; secondly, in Section 7, there is a penalty for not doing so, obviously showing that the Legislature thought that it would not be to the interest of the companies to do it without a penalty; and, thirdly, in Section 9, there is the exemption of such cheap train from duty. It seems to me clear that the obligation, the penalty, and the inducement, were correlative. It was thought by the Committee, by Parliament, and by the companies, that it would not be profitable to run these cheap trains; that for the sake of the poor, the companies must be compelled to run one a day, and that they were to be compensated for this obligation by a remission of duty. It was not intended that there should be an inducement to do that which the companies would do for their own sakes.

2262. Why do you gather that?—I gather that from the fact that the Act is obligatory.

2263. But the apprehension of Parliament was, that the railways would not do it?—Quite so.

2264. Then, subsequently, they did it from self-interest, whether the Act obliged them to do it or not?—They did it from self-interest, and they did it to a much greater extent than the Act obliged them to do; if they did only what the Act requires them to do, they would do what would be extremely inconvenient for the poor passengers

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Chairman—continued.

passengers whom the Act intended to benefit. It shows how impossible it is for the Legislature to foresee the actual current of events; but, as a matter of fact, they give the people who travel third-class fifty times the accommodation that ever this Act contemplated.

Mr. *Knatchbull-Hugessen.*

2265. That is by breaking the Act, is it not?—To a great extent by deviating from the Act, and also by doing a great deal more than the Act requires.

2266. That carries out what you were saying just now, that commercial wants will regulate these things without legislation, and better than legislation?—Far better. What I am particularly anxious to point out is, that the function of the Board of Trade was founded upon the view which Parliament and the Committee had taken of the case. The function of the Board of Trade seems, by some of the observations which have been made, to have been thought to be to protect the revenue; but the function of the Board of Trade was to see that cheap train passengers got all the benefit which the Act intended them to get, but which it was thought that it would not be to the interest of the companies to give them. Looking at the Act in that point of view, we see that the powers of the Board of Trade were to approve the hours of starting, to approve the carriages, and to dispense with certain of the conditions imposed by the Act on the adoption by the companies of conditions more favourable to poor passengers. There is no doubt that those powers have long been superfluous. The hours of starting are fixed by the companies at times far more convenient than the Board of Trade would fix them. Indeed, in one or two cases in which the Board of Trade did try to alter the hours of starting, what happened was this: the companies put their time tables into the hands of the Board of Trade, and said, "now fix your train," and when the Board of Trade attempted to do it, they found that it was making new time tables for the companies, a thing which they could not do; in fact, although the hours may not at every point be the most convenient that might be arranged, it is quite impossible for the Board of Trade to make them more convenient; and any inconvenience that the cheap train travellers are subject to is only the same inconvenience that other travellers are subject to. Then as to approving the carriages; at first the Board of Trade did approve of the carriages, and even now, when a railway is first opened, their inspector looks at the third-class carriages; but all the carriages have become so much more comfortable than they were when this Act was passed, that that is perfectly superfluous and unnecessary. Then, lastly, their power to dispense with conditions is the power upon the exercise of which all the present question has arisen.

Chairman.

2267. Up to the date which has been given to us, the Board of Trade were under the impression that they had the power of dispensing, were they not?—Up to the time when the decision was given, the Board of Trade believed that they had the power of dispensing with the condition that every cheap train was to stop at every station, provided they saw that some trains upon the railway were so arranged that the cheap train travellers got the benefit of them to and from every station.

Chairman—continued.

2268. I presume that, having regard to the Act of Parliament to which you have referred, and having regard to the growth of the railways and their present position, their business being so very much larger than it used to be, the present Act is, in your opinion, inapplicable to the present state of things?—Quite so; but I am anxious to point out that when it first came into operation, the Board of Trade looked upon it as their business to see that the cheap train traveller got as much accommodation as was intended.

2269. I do not think that any reflections, in the course of this inquiry, have been thrown upon the Board of Trade?—I do not want to defend the Board of Trade, but merely to show how the circumstances have changed; the Board of Trade thought that they were performing their duty when the companies gave more accommodation than was originally intended, though that accommodation was not exactly in the form required by the Act. Then came Captain Galton's report in 1856, which called attention to the quantity of excursion trains. Then came what they called the Abolition of Farthings Act. Then came Mr. Gladstone's speech in 1863, which has been so much referred to; and with regard to that I will only say that, so far as I can judge, I am disposed to agree with Mr. Melvill that that Act was superfluous, and that without that Act the Board of Inland Revenue might themselves have put a stop to the exemption from the duty of Sunday trains and excursion trains; and I am also disposed to doubt whether, even now, the companies are entitled at law to the exemption upon Sunday trains. Finally, in 1865 or 1866, arose the question which has led to the present inquiry, a question relating to the North London Railway; and I should like to state how, so far as I can ascertain, that arose (I am speaking partly with reference to things with which I was not conversant myself). The Board of Trade always thought that they had power to dispense with a train stopping at every station: but they never thought that they had any power to dispense with the condition that the travellers should be carried between all stations at fares of 1 *d.* a mile or under; originally the time tables of the North London Company, as sent in to the Board of Trade, led them to believe that although the trains might not stop at every station, yet that where they did stop, all the fares were a penny a mile or under; on the opening of the line between Dalston and Broad-street, Mr. Fane, who then had the management of the railway business at the Board of Trade, found out that the fares were above 1 *d.* a mile between the intermediate stations: that led to a correspondence with the North London Company, and then it was found that in the greater number of their trains, although passengers might be carried from end to end at fares under 1 *d.* a mile, yet from intermediate station to intermediate station they were not. Then the Board of Trade, after communication with the Inland Revenue, laid the first case before the law officers, who were then Sir Roundell Palmer and Sir Robert Collier: and Sir Roundell Palmer and Sir Robert Collier gave the opinion that the Board of Trade had no power to dispense with the condition of stopping, and that any train to be exempt must carry

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Mr. *Farrer.*

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Chairman—continued.

carry passengers between all stations at fares under 1 *d.* a mile. They also gave the opinion that receipts from double journey tickets issued between some stations only, though at the rate of 1 *d.*, were not exempt from duty; that was in May 1866. In August 1866 there had been a change of Government, and a case was laid before Sir Hugh Cairns and Mr. Bovill, who had become the law officers, and who had previously upon a case laid before them by the company given an opinion the other way. They stuck to their opinion, but recommended that the case should be taken before the courts of law. From that time, of course, the Board of Trade were in great difficulty as to how to act. After that there was a long correspondence and communication between the Board of Trade and the Board of Inland Revenue. The Board of Inland Revenue raised other points upon the meaning of the Act; the Board of Trade felt that it was their business to obey the Act; that it was their business even to assist the Board of Inland Revenue in enforcing the Act; but that where they had a discretion it was not their business so to use that discretion as to limit the accommodation to travellers by cheap trains. In 1867, Mr. Herbert, who was then the Assistant Secretary at the Board of Trade for the Railway Department, prepared a very elaborate memorandum upon the whole case, which was submitted to the Board of Inland Revenue. There was much communication between the Board of Inland Revenue and the Board of Trade upon the subject of issuing of new regulations for the approval of those cheap trains which should strictly comply with the Act. In the course of that communication it became very obvious that any such changes would be extremely favourable to the revenue and unfavourable to the railway companies. It also became obvious that the effect of those changes, if they had any effect upon the doings of the railway companies, would be to induce them to run their trains in a manner less favourable to the cheap train travellers. For both those reasons the Board of Trade were not by any means willing to put themselves forward as the authors of the change; they felt that it was a Treasury question, and not a Board of Trade question; they consequently referred the whole question to the Treasury, and they called upon the Treasury to say whether they approved it or not, and whether, supposing that they did approve of the change, the Treasury would take the responsibility of it, fight the railway companies, and maintain the Government view of the question in Parliament.

2270. You, the Board of Trade, were only interested in seeing that the cheap train passengers were not damnified?—Quite so.

2271. Your apprehension was that the exacting of the extreme farthing from the railways would have that effect?—That it might have that effect. We felt, on the other hand, that the companies were getting a great deal more out of this exemption than they were ever intended to get. We felt that it was our business to obey the Act, and to assist the Treasury so far as was not inconsistent with our other functions; but we thought that if there was to be this change, which undoubtedly would create great opposition, it ought to be the Treasury and not the Board of Trade which should bear the brunt of the battle.

Chairman—continued.

2272. You left the Treasury and the railway companies to fight out their battle, and you stood by only anxious to see that the cheap train passengers were not prejudiced?—Quite so, and to see that no action of ours prejudiced the case one way or the other. But at the same time we were in this difficulty; that we felt it doubtful whether we were not disobeying the Act of Parliament, and of course it was our duty to obey the Act of Parliament.

2273. There is no doubt that you were disobeying the Act of Parliament?—There was a doubt then as to the non-stopping trains; but after the recent decision there is of course no doubt about it; and I think I shall prove by and bye, that there is no doubt that in another respect we are disobeying the Act of Parliament now. Notwithstanding our repeated applications, we could get no decisive answer from the Treasury on this point. They said, in effect "You can adopt the new regulations if you like, but we do not care much about it." Under those circumstances we did not feel that it was our business to put our hands in the fire; we said that it was for the Board of Inland Revenue to do it. Then came a question whether the Board of Trade should state a case for the courts of law, and the Board of Trade said, "It is not for us to state a case, it is for you to state a case." The companies said, "Will you approve of the cheap trains?" We said, "We will not approve of any more cheap trains, but if you will take into court the case as it stands upon the trains we have already approved, and it is decided in your favour, we can give a restrospective approval of any subsequent cheap trains, and then you will be able to get your duty back." That sort of correspondence went on for a long while; but what we particularly urged upon the Treasury during the whole of this time was, that the whole thing was in a very rotten state, and wanted looking into altogether; that whichever way the point of law was decided, it must be bad for the railway companies, or for the public, or for both.

2274. You are of that opinion now, perhaps?—I think that there is a very strong case indeed against the exemption. I believe that the delay on the part of the Board of Inland Revenue in bringing the case before the courts, of which the North London Railway Company very much complained, arose partly from this correspondence and partly from the fact that the Treasury were considering whether they could deal with the whole case. Then came Mr. Lowe's proposals in the spring of 1870; and after the withdrawal of those proposals the Board of Trade proposed to the Treasury to give their approval of cheap train as before, but only subject to the decision at law of the point at issue. That eventually was done; the Board of Trade altered their form of approval, and made it an approval, subject to all the conditions of the Act, and to whatever might be decided in the case raised by the Board of Inland Revenue. If the Board of Trade had withheld their approval, the companies could not have taken their case before the courts of law; but they gave their approval, and the case was taken to the courts of law, and decided as the Committee know. We had three forms of approval. Prior to 1867, the approval was unconditional; in 1870 the approval was made conditional upon the decision; and since the decision

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Chairman—continued.

cision of the Court of Exchequer, of course the approval has been made subject to that.

2275. The South Eastern Company's time table is an illustration, is it not, of the difficulties that you have with regard to the finality, so to speak, of a train?—Almost every time table is an illustration of what is done now, and of the difficulties that we have. Our approval really amounts to nothing at all; the Board of Trade approval is a mere farce; it is a condition without which the companies cannot claim the exemption, but the whole responsibility for the receipt of taxation is with the Inland Revenue, and our approval is really good for nothing at all; our function has ceased. But we are still, and shall be if this law remains, in very considerable difficulty as to obeying the Act of Parliament. It is quite clear that the Act of Parliament requires us to give this approval only to a train running from end to end of the line, or of a branch. No one knows what is meant by a line or a branch. There is scarcely a case of a large railway where a stopping train does run from end to end of the line. For instance, in the case of the SouthEastern the common thing is to take the cheap train passengers by a fast train to Tunbridge, and then to take them on by a stopping train, the same ticket answering for the whole journey, from Tunbridge to Dover or Hastings, as the case may be. We approve the train from Tunbridge to Dover or to Hastings. That seems to me distinctly contrary to the Act of Parliament. On the London and North Western line we approve a train as far as Watford, which does not run from end to end of the line; we approve a train from Tring to Birmingham, which is a bit out of the middle of the line, and so on.

2276. Those are all illustrations of the same difficulty, are they not?—They are all illustrations of the same difficulty. On the Midland Railway it is extremely striking. You have trains from London, running perhaps to Bedford; they do not stop at the Welsh Harp, but they are approved as cheap trains from St. Pancras to Cricklewood, and then the trains beyond on the other side of the Welsh Harp are approved from Hendon to Bedford. So from Leeds to Bradford; the train is approved from Leeds to Kirkstall Abbey, where all the trains stop; then there is Kirkstall Forge, where a few trains stop; then it is approved again from the other side of Kirkstall Forge to Bradford.

2277. That is a mere device?—It is a mere device.

2278. It seems to have been a system of devices?—It does.

2279. Will you state what are the objections which you have to the exemption?—Of course it gives the companies an inducement to arrange their traffic for the purpose of getting the exemption, instead of arranging it in the way best for the public and for themselves. That has been so fully dwelt upon that I need not go into it.

2280. The objections that you make to the exemption are upon public ground, are they not?—Upon public grounds. It is an inducement to all sorts of, I will not call them evasions, but expedients. For instance, we found out that after this decision, the Metropolitan Company, instead of issuing as many tickets as were wanted under 1 *d.* a mile at the different stations, were issuing two tickets at each station; so that, supposing that three persons came, the two first persons got the cheap train tickets, but the third was told that there were no more cheap tickets.

Mr. *Samuda.*

2281. But did they get the remission then?—No; we thought that that was too transparent an evasion, and we are still in controversy with them about it; but I do not think that they will get the approval of those trains from the Board of Trade.

Chairman.

2282. There have been devices on either side, and that was the device of the railway company?—I think that the devices have been all on one side.

2283. But in those cases which you have given of the allowing the trains to stop, that was done with the concurrence of the Board of Trade, was it not?—Quite so, so far as the Watford case is concerned. I am not blaming the railway companies for it; but this last decree of the Metropolitan Railway I think is a very transparent thing.

Mr. *Knatchbull-Hugessen.*

2284. May we not take it in this way; that this was a system by which you and the railway companies created an elasticity which you found to be absolutely necessary for working the Act without great inconvenience to the public?—I should be sorry quite to admit that, because I think that the companies, whether they paid the duty or not, would have done what was for the convenience of the cheap train passengers; but undoubtedly, so far as the exemption goes, carrying the Act strictly into effect would create an inducement the other way.

2285. Then you, between you, worked the Act in an elastic manner?—To say that we have concurred with the companies in making some holes in the Act would be a better way of putting it.

Chairman.

2286. You say that the Metropolitan Company only issued one or two Parliamentary tickets by each train?—The Court decided that no train could get the benefit of any exemption unless it carried persons at fares at or under 1 *d.* a mile between all stations. The North London Company had carried people between a good many of the stations at 1 *d.* a mile and under, but between others of the stations, the intermediate stations, they did not do so. Then, in order to meet the decision, the companies said, "We will issue two tickets at 1 *d.* a mile, but not more."

2287. Mr. Fenton puts it in this way; he is asked, at Question 1224: "Is there not a limitation at the Metropolitan stations of the issue of Parliamentary tickets, so that there may not be more than one or two Parliamentary tickets at the outside?—(*A.*) That is so; we have been obliged to limit the issue to meet the accommodation, and to comply exactly with the letter of the Act of Parliament;" I presume that is the arrangement to which you refer?—We say that is not complying with the Act, and we refuse them the approval which is necessary in order to get exemption. Then the limitation of the Abolition of Farthings Act to a penny a mile, and a halfpenny for an extra half mile, induces the companies to place their stations where it may not be most convenient, as Mr. Parkes has pointed out to you. It has also been pointed out to you that giving no exemption to season and return tickets is a discouragement to that class of traffic.

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Mr. Farrer.

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Chairman—continued.

2288. You put it in this way: that the temptation to put themselves within the exemption works against the public?—That is the right way of putting it. Then I think that a very great objection to the present system is, that it is scarcely possible to check the returns made by the companies. I do not believe that the Inland Revenue or any other public office can do it. As we pointed out to the Treasury in 1868 and 1869, there is another strong reason for altering the present system. My last reason against the exemption is, that it is totally unnecessary for the original purposes of the Act. Upon that subject I should like to give you the figures. They differ in some details, though not in the general results, from the figures given in the Report of the Amalgamation Committee of 1872, in consequence of corrections subsequently made in the returns. I will put in a return of the traffic in different classes of passengers, and the receipts for them in the year 1844, and then from the year 1850 down to 1874. The total amount received by railway companies in England and Wales in 1844 for passengers was 3,193,904 *l.*, and the total number of passengers was 22,006,992. Of the above amount, only 393,234 *l.*, or about one-eighth, was received from third-class passengers; and of the above number of passengers, only 5,755,436, or about one-fourth, were third-class passengers. By the returns for 1870, it appears that the total amount received by railway companies in England and Wales for passengers was 14,470,964 *l.*, and the total number of passengers 295,173,870. Of this last amount, 6,177,230 *l.*, or not much less than one-half, was received from third-class passengers, and of this last number, 199,133,035, or two-thirds, were third-class passengers." In 1874, the amount received from passengers was 18,771,932*l.*; the number of passengers was 423,083,941; the amount received from third-class passengers was 10,523,286 *l.*; which is more than one-half of the whole of the money received from passengers; and the total number of third-class passengers was 325,655,015, or more than three-fourths of the whole number of passengers; so that there has been a constant increase in the number of third-class passengers to an extent that was never contemplated; and it needs only a glance at the time tables of these companies to see what an enormous quantity of accommodation they give to the third-class passengers.

2289. You put it upon the ground that they have, from interested motives, as a commercial matter, a matter of business, given this accommodation, and that therefore it is unnecessary that this legislation should exist?—Quite so; the obligation, the penalty, and the exemption are alike unnecessary; that is the way in which I put it. Then I think with regard to the objections to the exemption, there are certain further difficulties which will have to be considered. After all this inquiry it will scarcely be possible for the departments to go on as they are going on at present. It is perfectly clear, I think, as a matter of law, that the companies are only entitled to the exemption on a stopping train which runs from end to end of a line, or of a branch. It is quite clear that the companies get exemptions now upon innumerable trains that do not fulfil that condition. What the true fulfilment of that condition is it would be almost an impossible thing to say, and if you could impose the condition it would be very unfavourable to the public as well as to the

Chairman—continued.

railway companies, or at least it would be unfavourable so far as the exemption is any inducement to the companies to alter their arrangements. A train stopping at every station between London and Carlisle would be a train of very little value; and when you come to such a line as the Midland Railway, and in fact all the great lines (but the Midland is a good illustration), it is scarcely possible to say what a trunk or what a branch is; I look with horror at the task which we shall have before us, if we have to construe that part of the Act accurately; and construing it accurately would, I should think, deprive the railway companies of one-half or two-thirds, if not more, of the exemptions which they now get. Further, I think that it is very doubtful, looking to what Mr. Melvill has said, whether the companies are now entitled to the exemption on Sunday trains; undoubtedly Mr. Gladstone's Act countenances the exemption so far as it goes, but it is clear to me that upon the original Act they were not entitled to it; and whether the Act restricting the exemption gives them an exemption or not may be a question; those are points strictly of law, upon which the Board of Trade and the Board of Inland Revenue will have to take the opinion of the law officers, and if necessary, the opinion of the courts; and of course they must be bound by the Act; but even supposing that the decision was against the Board of Inland Revenue upon those points as points of law, it would still remain a question of discretion for the Government as to whether, looking to the original meaning of the Act, they would give their approval to trains which did not comply with those terms. There is a still more important point; to my mind it is perfectly clear that both the Committee and the Act contemplated only one train a day.

2290. Was not that a minimum?—I think that it is quite clear that the thought which was in the minds of the Legislature was, that it would not be the interest of the companies to run those trains.

2291. But is not the words used, "A minimum of one a-day?"—The words are: "One train at least;" but then you must look at that with the subsequent clause, which imposes a penalty, and, consequently, clearly looks upon the thing as a thing which the companies would not do without an obligation.

2292. What is the meaning of the words "at least," in your judgment, with regard to that?—It does not preclude them from running more; but just as they would not be subject to a penalty for not running more than one train, so I think they ought not to be entitled to exemption for more than one train.

Mr. *Samuda.*

2293. Does it not encourage them to run more?—Then you come to a question of policy, and they do not want the encouragement.

Chairman.

2294. Did not that hold this out to them: "If you like to run 20 you may do so upon the same terms?"—I very much doubt it.

2295. If that be not so, what is the meaning of the words "at least?"—The words of the Act are: "shall by means of one train at the least;" I should take, "at the least," to have reference to the subsequent penalty, and I take it that the obligation, the penalty, and the exemption, are all

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Chairman—continued.

all correlative. The words of the Act are: "Shall by means of one train at the least to travel along their railway from one end to the other of each trunk, branch, or junction line belonging to or leased by them, so long as they shall continue to carry other passengers over such trunk, branch, or junction line belonging to or leased by them, so long as they shall continue to carry other passengers over such trunk, branch, or junction line, once at the least each way on every week-day, except Christmas-day and Good Friday (such exception not to extend to Scotland), provide for the conveyance of third-class passengers to and from the terminal and other ordinary passenger stations of the railway, under the obligations contained in their several Acts of Parliament;" and so on.

Mr. *Samuda.*

2296. That is that they shall, once at least on every day, provide for the carriage of those passengers in respect to whom, by the other section, when they have so provided, they are to have the remission of the duty?—First of all we will take the obligation that they shall run one train at the least. Then the next section says, that "If any railway company shall refuse or wilfully neglect to comply with the provisions of this Act as to the said cheap trains within a reasonable time, or shall attempt to evade the operation of such order, such company shall forfeit to Her Majesty a sum not exceeding 20 *l.*"

2297. It is clear that it was considered by the Legislature that it was a desirable thing for the public that they should have one such train at least, and that if the companies did not give them that they should pay a penalty; but that if they should give more they would be giving more to the public, and therefore it would not be considered necessary to call upon them for a penalty; the Act looks upon it in this way, does it not: that the public will receive a benefit from all that is done in excess of what the Act requires as a minimum?—I do not give a positive opinion, but I should say that anyone reading this Act and the Report of the Committee would say that the meaning was that the companies should do something which it was not their interest to do, that they should be subject to a penalty if they did not do it, and that they should have an exemption for that which it was thought they must be compelled to do, and which it was not their interest to do. You put the penalty upon them, and I say that there is very good ground for arguing that the exemption is correlative and coextensive with the penalty.

Chairman.

2298. The penalty section refers to one such train, and the exemption section refers to more, does it not?—The question that I raise is this: it being now clear that the companies run a great many more cheap trains, not on account of this Act, but for their own interest, is it the duty of the Board of Trade under this Act (for you must remember that we have the power to approve the time of starting) to approve of more than one cheap train per day? As a matter of law I quite agree that they are entitled to exemption when the Board of Trade have approved of the train; but what I say is, that it is in the discretion of the Government to consider whether more than one cheap train should be approved.

Mr. *Samuda.*

2299. That is not the point; the point is whether, when you have approved of it, they ought to get the remission?—I perfectly agree with you that if the Board of Trade have approved the company are entitled to that remission. What I mean to say is, that I think it is quite open to the Government to consider whether the approval should be given to the time of starting of more than one such train a day. I put the running from end to end as a question of law, and I put the Sunday train as a question of law, but I put the running of more than one such train a day as a matter for the discretion of the Government. I should like, before leaving the question of the exemption, to notice one objection that has been made by the companies to the recent decision, and no doubt they would make the same objection to any further restriction of the exemption. We have been told by them that they, looking to what was done before 1866, had a right to expect a continuance of the exemption, and they even say that the shareholders invested their money on the strength of it. First of all, with regard to that I should say that, with reference to the decision, they are in the position of a man who takes an estate with a legal charge upon it; if it turns out that the legal charge upon it is more than he expects, so much the worse for him, but that he cannot complain of.

Chairman.

2300. Does not equity sometimes relieve in such cases as that?—No, I do not think equity would relieve. If a man takes an estate, and somebody has a charge upon it, he knows what the legal question is, and he takes it subject to the legal question. But, of course, that is a legal argument. My main argument is that the companies never looked at the exemption at all. They did not look at all at this enormous extension of third class-traffic, and they did not speculate upon the exemption. The whole thing has been a surprise to them.

Mr. *Samuda.*

2301. We have not heard that argument urged by the companies at all. The argument that they urged upon us very strongly is this: that they invested their money upon the belief that they would be kept upon a par with other means of locomotion?—Mr. Parkes, in answer to Questions 523 and 430, said that the companies had in consequence of the non-enforcement of the law before 1866 a right to expect the continuance of the exemption at its then rate and extent; and indeed that the shareholders invested their money on the faith of it.

Chairman.

2302. They said, did they not, that the Government offices, and Parliament, and everybody, were under a mistake, and that they made all those arrangements believing the law to be different from what it is now determined to be?—Yes; and my answer to that is that the companies never contemplated all this third-class traffic at all, neither did Parliament nor the Government contemplate it. It has all grown up as a thing far more profitable than they ever expected it to be. It seems to me that there is a very clear case against the exemption. Now we come to the question of the tax itself. A great deal has been said about its origin; as I have already stated, I am not going to deny that the

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Mr. *Farrer*.

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Chairman—continued.

origin was that there were other taxes upon locomotion. This was put on, no doubt, when there were taxes upon stage coaches and so forth; but I do not think that the origin of it is very material, nor do I think that it is necessary to enter upon the question now whether you began to tax railways for the first time, you would have chosen this particular kind of tax. Probably nobody would. The real question is what is the effect and justice of the tax. It is called a tax upon locomotion, and there, I think, we have to ask what is the meaning of a tax upon locomotion. Is it a tax paid by the passengers, or is it a tax paid by the companies?

2303. That does not determine the question of whether or not it is a tax upon locomotion; it is a tax upon locomotion in the same sense that a tax imposed upon stage coaches and other conveyances was a tax upon locomotion, is it not?—I only wanted to get rid of the vagueness of the term "tax upon locomotion." A tax is paid by somebody; it is not paid by an abstract subject like locomotion. If it is a tax upon locomotion it is paid either by the people who find the means of locomotion, or by the persons who move.

Mr. *Samuda.*

2304. But it is upon locomotion in either case; —Yes, but I want to analyse the word "locomotion".

Mr. *Knatchbull-Hugessen.*

2305. Is not your argument very much like saying that there is not a tax upon the purse, but upon the person who possesses the purse?—It is tax upon somebody, and I want to know upon whom it falls.

Chairman.

2306. Does not this argument into which you are going now apply to any tax; for instance, to the tax upon sugar?—Yes; it is a phrase, and for some purposes a very good phrase. A tax upon consumption is a very good phrase; but after all, one wants to know who it is that pays the tax. I do not care about the word locomotion; call it a tax upon locomotion.

Mr. *Arthur Peel.*

2307. I take it that you are going to show who will get the benefit if it is remitted?—That is what I want to get at; I ask, Who pays it?

Chairman.

2308. The question is, what is the effect of the tax upon locomotion?—It is admitted that where there is competition it is paid by the companies, and that if it were taken off, the fares would not be reduced.

2309. Whose evidence is that?—I think that it is admitted in several places, but I have a reference to Mr. Parkes's evidence. He drew a distinction, if I remember rightly, between cases out of London where there was no competition and cases in London where there was competition; and he distinctly admitted that in London where there is competition the tax is paid by the companies, and not by the travellers. It is clear from the evidence that has been given here that the omnibus companies did not reduce their fares in consequence of the remission of duty; but it is alleged on behalf of the companies that where there is no competition, companies can and do throw it on the passenger. Mr. Parkes says that the Great Eastern Company have done so in respect of their fares beyond suburban limits, by

Chairman—continued.

fixing the amount at what they think the proper rate (far below their statutory maximum), say 2 *d.* a mile, and then adding one-tenth of a penny as passenger duty. So Mr. Forbes says that his company put the tax on to season ticket fares, and that he would add the tax to the workmen's fares. He says that the same thing is true of other companies. Mr. Rickman, I see, says (and a very odd statement it appeared to me) that the fares from Manchester to Ordsall Lane were raised from 1 *d.* to 2 *d.* in the name of passenger duty, which is a thing which I do not quite understand, as it is a great deal more than 5 per cent. Now, I believe that all these cases are mere artifices to mislead the public. I am not speaking in any bad way; I do not wish to impute any motive to the railway companies; I think that they are quite right to get rid of this tax if they can, and if they try to make the travelling public believe they pay it when the companies really pay it, I have no right to find fault with them, but every right to expose what I believe to be a delusion. I say that when the fares are below the maximum the tax falls upon the company, and not upon the passenger; and that it is a mere artifice when the companies put down a given fare, that fare being below their maximum, and then add to it one-tenth, and call it passenger duty.

2310. If the fact is that an addition is imposed, who pays it?—I say distinctly that when the fare is not at its maximum the company pays it and not the passenger. The companies will and do fix their fares, duty or no duty, at that amount which will bring them the greatest amount of net profit; and will and can no more saddle the duty on the public than they could saddle them with a rise of 5 per cent. in the price of coals.

2311. Why should they not saddle them with a rise of 10 per cent. in the price of coals, supposing that they found that their working expenses were increasing?—Let me put it in this way: suppose the duty to be taken off, what would the company do? Clearly, if the present fare of twopence, plus one-tenth of a penny, is such as to bring them the greatest amount of profit, they will not deprive themselves of the extra tenth of a penny.

2312. That is a question of railway policy, is it not?—But when the company tell me that they charge this upon the public, I am bound to go into the question of policy, and their policy is to get the greatest amount of profit that they can out of the public.

Mr. *Samuda.*

2313. Would not that be the same whether they have to pay the duty or not?—Clearly; they cannot put it upon the public. It clearly comes out of the railway company's pockets. I will presently come to one exceptional case in which it does fall upon the public. The Great Eastern have charged 2 *d.* a mile, and they have put on an extra tenth of a penny, which they call duty. Is that 2 *d.* + 1-10th, or is it not the amount which brings them the greatest amount of net profit? Take off the duty, and why should they take off the tenth? They will absorb it, and no longer talk of it as being duty. But if twopence, plus the tenth, gives them the greatest amount of profit they will go on charging that fare. If wages rise they may increase their fares, and may find it most profitable to do so; but it does not at all follow that they will, or that they can.

2314. But

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Chairman.

2314. But surely the imposition of this tax upon them is an inducement to them, if possible, to get it in one shape or another out of the public?—Any increase of any sort in their expenses has, of course, some tendency to raise the price of the article to the public.

2315. Does not this tax increase their expenses?—It increases their outgoings.

2316. That is their expenses?—That is their expenses.

2317. If your statement be correct, it seems to me to be a logical inference that this tax does fall upon the passengers?—Not at all.

2318. I understood you to say that anything that increased the working expenses does, *pro tanto*, affect the passenger?—Not *pro tanto*, there is the mistake. If you doubled the working expenses of a company to-morrow, it does not at all follow that all the fares would be doubled; that depends upon a great many other things.

2319. That would be in proportion; but supposing that the working expenses were doubled, it might be necessary, in order to recoup themselves, that the company should have some trifling addition to the fares, just such an addition as would not deter passengers from using their railway. That would not be *pro tanto*, but would not that inevitably fall upon the passenger?—I think not.

2320. Upon whom would it fall?—The business of a railway company is to fix their fares at precisely that amount which will bring them, on the whole, the greatest amount of net profit.

2321. Let me put this illustration: Some disturbing cause, such as an increase in the price of coals, or in the price of labour, or anything you please, induces the South Eastern Company, or the London, Chatham, and Dover Company, to raise their fare in order that they may recoup themselves for that additional cost; the fare from London to Dover was, prior to the increased expense, 1 *l.*, and the directors increase that to a guinea, does not that extra shilling come out of the passenger's pocket?—There will be a question for the company to consider.

2322. Will you be good enough to answer the question, yes, or no, and then to give your explanation, if you wish to do so?—I decline to be put to, yes, or no; it is the greatest fallacy in the world.

2323. If you, in giving your evidence here, express certain views, if I put a fair illustration to you, I am justified in asking for an answer; if the illustration is not fair, that is another matter, but my question is a question which admits of a yes, or no, and I cannot understand why, if your proposition is a correct one, you decline to answer it in that form?—The question there for the South Eastern Company would be whether they would get a greater amount of profit by raising the fare or not.

2324. That would not affect the individual passenger; I am talking of the individual passenger?—No doubt if the individual passenger has paid 20 *s.*, and now pays 21 *s.*, he pays 1 *s.* more than he did; but the company would never put on that extra 1 *s.*

Mr. *Samuda.*

2325. The Chairman is putting a case before you, as it appears to me, so as to prove that the passenger has to pay this extra money, and you are seeking to look back into what result takes place to the company by reason of his having paid this money. If you could satisfy yourself that the company has not got anything extra, you would think that that is an answer to the Chairman's question. I do not think that it is; they are two totally different things that you are mixing up together?—Undoubtedly the passenger will pay 1 *s.* more than he did before; but that is not the question.

Chairman.

2326. If that increase arises from the duty, would not the same result follow as regards the effect upon the passenger?—Clearly the effect would be the same whatever the character of the outgoing, and I put the payment of the duty upon precisely the same footing as the payment of any other outgoing. But what I want to get at is, what the company would have to consider when they were put to the extra expense.

2327. That is a traffic manager's question, is it not?—Quite so; and I say that they would neither put on the duty in consequence of an extra expense, nor take off the duty in case that expense was saved to them, unless it was quite clear that on the whole they would profit by it. I think that there is one case in which it clearly would be paid by the passenger entirely, and I will put that case. It is the case where the company are at their maximum rate, and where they have a right to charge the duty in addition to the maximum rate. In that case the taking off the duty would at once reduce the fare to the passenger. Take the case of the London and North Western Company; they have a number of fares at the maximum of 1 *d.* a mile; there (very foolishly, I think) Parliament has given them the duty in addition to the fare. If you do away with the duty, and it still continues their interest to charge as much as 1 *d.* a mile, then I think that the passenger will be relieved to the extent of the duty; but where they are below their maximum, I do not think that that will be the case, and they will, duty or no duty, charge just that amount which will produce to them the greatest amount of net profit.

2328. In point of fact, the companies, in your belief, would disregard the duty altogether?—Quite so.

Mr. *Samuda.*

2329. I understand you to put this case: that Parliament has granted to the London and North Western Company a monopoly not only of the 2 *d.* a mile, but of something more, viz., of as much as there is duty additional; and that they availed themselves to the fullest extent of their power of charging under the Act; and that if you take off the passenger duty they will be compelled, by reason of the abstraction of the passenger duty, to reduce their fares?—Quite so; there the passenger gets the whole benefit of it.

2330. But would not the passenger get equally the same benefit out of it if he was on a line where they were only charging 1 *d.* when they had the power to charge 2 *d.*?—No, I think not. Take the case which I have put, of the Great Eastern Company, who are notoriously under their maximum fares. Mr. Parkes tells you that they are now charging twopence and one-tenth. Supposing that you take off the duty, then I say that if they can get the maximum net profit by charging a penny and a tenth, they will not take off the tenth because you take

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Mr. *Farrer.*

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Mr. *Samuda*—continued.

off the duty. If a penny, plus one-tenth, is that fare at which they can get the maximum net profit out of their traffic, they will not take off the tenth because you take off the duty; therefore you will not give that to the passenger; that is paid by the company.

Sir *Harcourt Johnstone.*

2331. At least you think that they will not?—Of course this is my argument. I think it a very natural thing that the companies should state that they must charge this as duty, because it leads the public to suppose that if you took off the duty the passenger would get the benefit of it; but, regarding it by the strict light of politico-economical rules, I am quite clear that it will not be so.

2332. But it is only a presumption of your own that the Great Eastern Company will not take off the duty?—I take it that it is both the interest and the duty of the companies to get the largest possible amount of net profit out of their traffic; I do not blame them for it; I think that they are perfectly right.

2333. Supposing that it were their policy to reduce their fares still further, and that in that way they secured a greater amount of profit, would they still be retaining what you would call a passenger duty?—I say that your taking off the passenger duty does not make the difference.

2334. Does that follow as a matter of absolute certainty?—I think so; supposing them to act, as I presume they will act, that is to say, in the way that is most for their own interests.

2335. You said, did you not, that it might be for their own interest to reduce the fares still more?—It may be, and very likely it is so.

2336. Then your contention is not valid, because the passenger duty remitted to them has also disappeared in the general lowering of the fares?—Yes; but they lower the fare because it is their interest to lower it, and not because you have taken off the passenger duty.

Mr. *Bruce.*

2337. You admit that there are certain railways that have a statutory right to add the duty to their maximum fares?—Yes.

2338. That right was given to them by Parliament; does it not apparently go to show that Parliament, in giving that right, considered the duty to be a thing which they might legitimately throw upon their customers?—Parliament has done that in a number of Private Acts of Parliament which I have heard constantly found fault with as being inconsistent with the spirit of the general Act; that is with the general law of the land.

2339. Still they were Acts of Parliament passed by the Parliament of Great Britain, I believe?—No doubt; every private Act is passed by Parliament, though really only framed by a small Committee; but I do not think that it is necessary to enter upon that question. It is perfectly clear that the companies are quite right, whenever the law allows them, to throw the duty upon the passenger.

2340. But this was a statutory provision distinctly stating that this particular charge was considered as extra to the charges for which their ordinary taxing powers were given, and that it might be added to those taxing powers?—No doubt.

2341. I think that you stated (perfectly fairly) that where they are below their maximum rates at present, if the duty was taken off, they would have no interest to reduce their fares below what they are just now?—Certainly.

Mr. *Bruce*—continued.

2342. Of course that is an opinion, and I am merely putting a hypothetical case. As a general rule I think that most people are agreed, and you probably will concur in it, that a reduction in fares results in an increase of traffic?—That seems to have been the experience of railway companies.

2343. Do you not think that it is possible that the duty being a charge upon the passengers going by a particular train, if the duty was removed and this charge was removed also, it might be worth the while of the companies to reduce their rates, even though they were not up to their maximum; because, having less to pay, they might be able to afford to give lower rates and get the advantage?—To whatever extent that may be the case, there might be that result: but my belief is that the result would be infinitesimally small in this case.

2344. Even in a case where the maximum was not attained, might there not be reasons which might induce the companies to give relief?—I do not deny that every additional outgoing may in some way hamper a company and induce it to make larger charges in the same way that every reduction may induce it to reduce its charges; but I think that the proportionate effect of this reduction would be infinitesimally small.

Mr. *Arthur Peel.*

2345. I wish to put to you a case where a company are charging their maximum, and are also charging the duty, that is to say, the maximum, plus a twentieth; you say that in those cases the passenger would be relieved if the duty is remitted; what is to prevent the company putting the twentieth in their own pockets, keeping their maximum fares, but giving slightly less accommodation to the public, which would come to the same thing?—That might be the result, supposing that to be the interest of the company. The question upon whom this tax falls is really one of the most important questions of all, and for the purpose of illustrating it, I would refer to Mr. Lowe's proposal to charge 1 per cent. upon the gross receipts of the companies, without exemptions, in lieu of 5 per cent. upon the passenger traffic, with exemptions. For the purpose of showing what the effect of that would be upon the different companies, I should point out, in the first place, that if this is a tax upon the companies, the persons whom it affects are not all those who hold stock in the companies; it does not affect the preference shareholders or the debenture holders; it only affects the ordinary shareholders, and therefore it affects a comparatively small number of persons, and it affects them in a more intense way, of course, than if it was spread over the whole railway capital. A large part of the railway capital, ranging from one-half to two-thirds, is held by debenture and preference shareholders, who will gain and lose nothing by the change. It is solely the holders of the remaining third, the real conductors and owners of the enterprise, who are concerned. And this is not all. In some cases the ordinary capital is divided, and it would only be the deferred portion of it that would benefit or lose by a change of this kind. Accordingly the changes in the ordinary dividends are in

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Mr. *Arthur Peel*—continued.

in fact material. The following calculation was given in some of the papers (in "The Times," I believe) as the result of Mr. Lowe's proposals upon the incomes of the ordinary shareholders in the different companies, that is to say, a change from 5 per cent. upon the passenger receipts to 1 per cent. upon the gross receipts. It would cause to the Great Northern ordinary shareholders an increase of 1*s.* 6*d.* per cent. per annum; to the Great Northern A deferred an increase of 3*s.* per cent. per annum; to the Brighton ordinary an increase of 5*s.* 3*d.* per cent. per annum; to the South Eastern ordinary an increase of 5*s.* 6*d.* per cent. per annum; to the South Eastern A deferred an increase of 11*s.* per cent. per annum; to the Metropolitan ordinary an increase of 4*s.* 3*d.* per cent. per annum; to the Great Eastern ordinary an increase of 2*s.* 2*d.* per cent. per annum; to the Great Western ordinary an increase of 2*s.* 9*d.* per cent. per annum; to the London and North Western ordinary an increase of 1*s.* 2*d.* per cent. per annum; to the Caledonian ordinary it would cause a decrease of 2*s.* 7*d.* per cent. per annum; to the Sheffield ordinary a decrease of 2*s.* 1*d* per cent. per annum; to the Midland ordinary a decrease of 7*d.* per cent. per annum; to the North Eastern ordinary a decrease of 1*s.* 5*d.* per cent. per annum. The increase in most cases is about ¼ per cent.; a very important rise, and in one instance, South Eastern A, it is ½ per cent., which would be a very considerable gift to every holder of 100*l.* of stock. I have here figures which show that there was an actual increase in some cases and a decrease in others, in consequence of Mr. Lowe's Budget, in the price of those stocks. The following is a comparison of the last quotations before the Budget, with the latest quotation on the Thursday following:—

	Monday.	Thursday.	Increase.
Great Northern, Ordinary - -	118½	121	2½
Ditto A., Deferred - - -	125	128	3
Brighton, Ordinary - - - -	45½	46½	1
South Eastern, Ordinary - - -	76½	78½	2
Ditto A., Deferred - - -	43½	47	3½
Metropolitan, Ordinary - - -	78	78¾	¾
Great Eastern, ditto - - -	39¾	40½	¾
Great Western, ditto - - -	69¼	70½	¾
London and North Western - -	125½	128¼	2¾
Sheffield - - - - - -	52¼	52¼	Nil.
Midland - - - - - -	125½	126½	1¼
North Eastern - - - - -	135	135½	½
Caledonian - - - - - -	79	75½	Decrease. 3½

Mr. *Arthur Peel*—continued.

Mr. *Farrer.*

16 May 1876.

These changes do not follow exactly the calculation above given, because other causes of change supervened, but they followed it sufficiently nearly to show that the change which Mr. Lowe proposed had had a very serious effect upon the price of railway stocks. All this tends to show that a change in railway passenger duty falls upon the ordinary shareholders of the company and not upon the passenger.

2346. Do you attach much value to the fluctuations upon the Stock Exchange in these matters?—Yes, I do; I am told that if there were a proposal to take off the passenger duty made in Parliament this evening it would be all calculated and appear in the prices in the list of shares by 11 o'clock to-morrow morning.

Mr. *Samuda.*

2347. The greatest possible fallacy underlies the whole of what you have been stating. Is it not a question of whether the shareholders in the railway are the entire capitalists who have made the railway, or whether for their own convenience they have taken in a number of outsiders who shall have a fixed amount, instead of a varying amount, depending upon the prosperity of the railway?—I beg, with all deference, to say that I think it is very material, as showing that a change in the railway passenger duty affects the prices of ordinary railway shares and stocks.

Chairman.

2348. The public view it in that light, but I presume that you do not carry it any further than that?—That is the light in which it is viewed by the very acute buyers and sellers of ordinary shares.

Mr. *Samuda.*

2349. The question which we have to deal with is between the public on the one hand and the capital invested in railways on the other, apart from the question of how they cut up their capital among themselves?—That is a question by the side. What I am desirous to show is, that the taking off or putting on of the duty on railways affects the holders of ordinary stock in railways.

2350. But it could be shown, could it not, that those railways which have all goods traffic would be enormous losers by the taking off of the railway passenger duty, while those who have a very large passenger traffic, like the London, Brighton, and South Coast Company, would be gainers?—The question which we were discussing was, whether this duty falls upon the travelling public or upon the railways, and my object was to show that it falls upon the holders of ordinary railway shares.

Chairman.

2351. As part of your evidence, you instance the fluctuations on the Stock Exchange which would result if this duty were taken off?—Yes; and the fluctuations which did take place when there was a proposal to change it. For the purpose of further illustration, I will put in a statement of the amount of the passenger duty paid by each railway, and the proportion which that bears to the dividends paid upon the ordinary stock of that railway.

Mr. *Bruce.*

2352. The figures which you have been reading exclude entirely debenture and preference shareholders, do they not?—They do.

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Mr. Farrer.

16 May 1876.

Mr. *Bruce*—continued.

2353. Is it not a fact, that several railways pay no dividend at all to the ordinary shareholders, and that the returns affect only the preference shareholders and debenture holders of those railways?—No doubt; and of course in that case the holders of ordinary shares will not be affected until preference shares are paid.

Chairman.

2954. Some preference shareholders do not get their preference dividends paid, I believe?—Quite so. Then assuming that the taxes falls on the companies, is it unjust to them? As to this, first of all, I must say that I adhere to the opinion of the Joint Commmittee of 1872, and to what has been stated before this Committee by some of the witnesses; that to a very great extent railway companies have a monopoly; that they have it by virtue of the possession of the land, and of their powers, and that, therefore, they are not to be regarded simply as ordinary traders. That is gone into so very fully in the Report of the Amalgamation Committee that it is quite unnecessary to go into it further. Then, I am inclined to think that even if there were not a monopoly, the fact that the railway companies have invested their money subject to this tax, affords a great argument for not taking it off without very full consideration. It is not like the case of an ordinary trader who can set up a shop anywhere and at any time. In this case large investments have been made subject to this tax, and it therefore has a character of permanence; and the more there is a character of permanence in a tax the less unjust it is.

2355. Do you agree with the railway traffic managers who say that this tax hampers them in giving facilities to the public, and in the arrangement of their traffic?—I think that the exemption does operate to hamper the companies in giving facilities, but I doubt if the tax does so. As regards hampering them, no doubt, as has been put to me before, any charge whatever, of any kind, upon any undertaking has some effect in hampering the undertaking; but I do not think that this tax has that effect more than any other charge. With regard to the Metropolitan Railways, I venture to doubt whether the competition of omnibuses and steamers is quite as formidable as they represent it to be; I am inclined to think that in a great measure the omnibuses serve as feeders to the railways, rather than as competing with them. In London, the great lines of omnibuses are those which run north and south transversely to the railways. No doubt the lines which run along the river are exposed to competition by the steamers on the river, but that competition they had clearly in view when the railways were made, and the steamers were never subject to any tax at all.

2356. Do you mean to suggest that the competition is not so extensive as Mr. Fenton and Mr. Forbes think it is, or that there is none at all?—I will not say that there is none at all, but I think it is by no means to the extent which they stated; I do not think that there is any real competition by omnibuses from end to end of the metropolitan lines, or between Charing Cross and Cannon-street, or between Paddington and the City. A great deal of their traffic, too, arises from their taking up and setting down at

Chairman—continued.

any place on the route, and in this there is no competition.

2357. Have you any special knowledge or facts to lead you to that conclusion, beyond that which each of us has?—I think not except this: that we know very well by the complaints to the Board of Trade, and, as every Member of this Committee knows also very well, that at certain times there are tremendous crushes on those railways. For instance, on a Sunday afternoon you can hardly get a place on the Metropolitan railways; and my belief is that their business is far more limited by the impossibility of dealing with so much traffic as there is for them than by any competition by the omnibuses. The fact is, that at particular times there is more traffic than anybody can do.

Mr. *Knatchbull-Hugessen.*

2358. When you say that the omnibuses act as feeders to the railways, do you mean that the omnibuses stop so as to put down passengers at points where the railway stations are?—Yes.

2359. Is not the converse equally true, that the railways deposit passengers by which the omnibuses benefit, and the steamers the same?—Yes.

2360. Therefore it would not be fair, would it, to apply the argument against one means of locomotion only?—No; I only use it to show that omnibus traffic is not all competitive.

Mr. *Samuda.*

2361. Would it not be fair to say that in neither case are they competitors, but that in both cases they are assistants to one another?—I should say that in both cases they assist one another, and to some extent they are also competitors; but I doubt very much whether where a railway runs from end to end of a place the omnibuses can compete with it.

Mr. *Bruce.*

2362. Do not the omnibuses limit the fares of the railways?—I very much doubt it.

2363. Is it not the case that railways are unable to charge a higher rate than the omnibuses do, although their statutory powers would allow them to do so?—I very much doubt whether it is the omnibus fare that limits the railway fare. It is difficult to tell that without diving into the minds of the railway managers.

Chairman.

2364. Have you compared the rates where there are omnibuses competing with the rates where there are not omnibuses competing?—It is very difficult to get a case that will give you a clean example.

2365. What is the next point which you wish to lay before the Committee?—One other point which has been very much pressed is, that as the tax has been taken off the omnibuses it should be taken off the railways. The legitimate conclusion would be that you should put it upon the omnibuses again; and I would ask whether to do to do so would do any good to the railways.

2366. It would do good to the revenue, would it not?—No doubt; but the point from which I am looking at it is how far, taking the tax off the omnibuses, which is made such a very great point, has injured the railways.

2367. That is not the main point which arises. The

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Chairman—continued.

The question was, whether the tax having been taken off the omnibuses and other means of locomotion it was not an injustice to continue it on the railways?—Then I ask what is the injustice? Of course it is desirable to have taxation as similar as possible, but if the taking the tax off the omnibuses did not injure the railways, I do not see that that adds to the injustice.

2368. But if the continuance of that tax, to use a sporting expression, handicaps the railways against other means of locomotion, then is it not an injustice?—No doubt, if it impedes them from giving facilities to the public, and gaining the profit which they would gain if there were no such tax; and I have given reasons for thinking that it does not. My conclusion upon the whole is, that there is no injustice in the tax; that there is great, I will not say injustice, but inequality and great inconvenience in the exemption; that the exemption and the law upon which the exemption was founded are no longer necessary; and that the logical conclusion would be to repeal the obligation to run cheap trains, to repeal the penalty for not running them, and to repeal the exemption from duty, and maintain the tax. I do not say that that is what I recommend; but I say, that that is the logical conclusion from the arguments which I have used.

2369. From your point of view it is, of course, the logical conclusion; but what is your own view, as a practical question?—Various schemes have been proposed, some of which have been founded upon the notion that you must take things as they are, and tax the companies according to the same amount as they are taxed at now, but altering the incidence of the taxation so as to get rid of these difficulties.

2370. Does Mr. Lowe's plan meet with your opinion?—His plan was twofold. His first proposal was to take 1 per cent. upon the gross receipts from all sources, without exemption, and the other plan was to take 3 per cent. upon the gross passenger receipts without exemption. I have had a Table prepared, which shows these different things: what the duty was, which was actually paid in 1875; what the duty would have been in 1875 if it had been charged at 5 per cent. upon the gross passenger receipts without exemption; what the duty would have been in 1875 if it had been charged at 3 per cent. upon the gross passenger receipts without exemption (that was one of Mr. Lowe's proposals); what the duty would have been in 1875 if it had been charged at 1 per cent. upon the gross receipts from all sources (that is Mr. Lowe's other proposal); what the duty would have been in 1875 if it had been charged at 2 per cent. upon the net receipts from all sources after deducting working expenses (that means goods as well as passengers); what the duty would have been in 1875 if it had been charged at 5 per cent. upon the receipts from first and second class passengers and season ticket holders, which has been another proposal; the proposal has been to exempt all fares under 1 *d.* per mile, but as I cannot get that, as we have no returns giving that, I got as near to it as possible by taking out the third-class passengers. And then, for the purpose of comparing the amount of duty before the recent decisions with the amount of duty paid in 1875, I have added another column, showing the amount returned to the Board of Trade as having been paid for duty in 1873. It will be observed that for some of the companies we have not received returns for 1875, but have inserted the figures for 1874. For the same reason the aggregate is for 1874, and not for 1875. (*The Paper was delivered in.*)

Chairman—continued.

Mr. *Fraser.*

16 May 1876.

2371. Which is the proposal, if any, which you are in favour of?—I think that the only one which is worth considering is the charge of 3 per cent. upon the gross passenger receipts, without exemption. Mr. Lowe's proposal of a charge of 1 per cent. upon the gross receipts from all sources hits the mineral lines so very hard, and relieves the passenger lines to such an immense extent that it is a perfect change, and quite out of the question.

2372. Has your attention been drawn to the suggestion made by a gentleman from the Inland Revenue with regard to the total exemption of all fares, of all classes charged under a penny a mile?—I can see no sort of reason for it at all; I can see no reason why we are now to favour by exemption from taxation that class of traffic which the companies find most profitable, or if not most profitable, most capable of development, nor why we should favour the travelling of one class of society more than another; it seems to me unjust in principle.

2373. You would not make any apparent exemption in favour of third-class passengers?—No, I see no reason for doing so at all; there might have been a reason for doing so when it was supposed that the companies, having a monopoly, would not give facilities to that class of traffic, but when it is proved that this particular description of traffic is the most rapidly developing of all, I can see no reason why it should be exempt from taxation.

2374. Would you do away with all obligations upon the companies to supply trains at any particular rate, or any particular speed?—Certainly.

2375. What would be the result with regard to the working classes now who live out of town and have to come in to their work?—That particular question I have not been considering, because those trains rest upon rather a special footing.

2376. Would you continue the obligation?—I think that it is unnecessary, because I see that all the companies give more facilities than the Act of Parliament requires them to give.

2377. Do you think it would be safe to leave those classes in the hands of the railway companies?—I should be content to do so.

Mr. *Samuda.*

2378. There would, of course, be no hardship upon the railways in enforcing that obligation, if, as you say, it is profitable to them to give that accommodation?—No; but you have no right to put an obligation upon the companies without giving them some corresponding benefit.

Chairman.

2379. They would oblige themselves then, in point of fact, or rather the obligation would grow out of their own interest?—Quite so. The effect of the proposal for exempting traffic at a penny a mile and under would be a very considerable reduction of the income. Our returns are not complete, but, taking 1874, the aggregate duty paid was 619,000 *l.*, and the duty which would have been paid if third class traffic had been exempt would have been 452,000 *l.*

2380. It would have been one-third less?—Yes;

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Mr. *Farrer.*

16 May 1876.

Chairman—continued.

Yes; then the aggregate duty, if it had been charged at 3 per cent. upon the gross passenger receipts, without exemption, in 1874, would have been 624,000 *l.*, in the aggregate, the same as is received now under the 5 per cent. with the exemption; but when you come to the individual companies there is very great difference.

Mr. *Bruce.*

2381. In making up that Table you assume the whole third-class traffic to be under a penny a mile?—Yes.

2382. There is no distinction between those under and those over?—No; nor are we able to put into it cases in which traffic, not third class, is carried at and under one penny a mile.

Mr. *Samuda.*

2383. I think we gather, as the upshot of the whole of your evidence, that you are, first of all, of opinion that this railway duty ought to be maintained?—I am of opinion that there is no reason why the payers of the income tax or other taxpayers should make a present of this duty to the shareholders of the companies. I think that it ought to be maintained in the present state of finances.

2384. But you think that, owing to the difficulties which arise out of collecting it, and ascertaining that you are collecting it correctly, it ought not to be maintained and collected in its present form?—I am of opinion that the exemption is full of difficulties.

2385. That answers my question in the affirmative; you are of opinion that it ought not to be collected in the present form, and that there is a better form to collect it in?—Quite so.

2386. Of all the different forms which you have considered, you think that 3 per cent. upon the whole of the passenger traffic, without any exemptions, would be the best form of collecting it?—Quite so; but in giving in that return I wish to point out that there considerable difficulties about that, because it will make considerable changes in the amounts now paid by the different companies; and if you adopt the argument that the companies are subject to this taxation and maintain it upon that ground, it is very difficult to argue that you have a right to change the incidence of the taxation as between the different companies. Therefore I think that whatever is done ought to be done, if possible, with the consent of the companies themselves. It is a very difficult thing to maintain this tax, and at the same time to say, "We will take a certain amount of it, we will say, off the North London Company, the Metropolitan Company, or the South Western Company, and put it on to the North British Company," or whatever it may be.

2387. What I must ask you to confine yourself to is this: Apart from the reasonableness or unreasonableness of any of these railways, what, in your view, would be the fairest and best public way of dealing with this matter, which must be dealt with, as I think you will see, independently of whatever the railway companies may approve or disapprove?—I think that the plan of 3 per cent. upon the gross passenger traffic is that which is open to least objection.

2388. And you think that it would be considerably better than that which exists at the present time?—A great deal better.

Mr. *Samuda*—continued.

2389. The difficulty that I understand exists in your mind now in giving effect to the Act, is this: That railways have grown to such an extreme length that if the Act of Parliament were complied with, and every station were stopped at between London and Carlisle, for instance, the train would be perfectly useless. If, therefore, the limitation were inserted in the Act, that whenever you had reached 150 miles it might be considered to be an entire railway, would you not get over the whole difficulty, as regards these enormous distances, of stopping at every station?—I am not sure that I understand the proposal; but if it is that a town shall run from end to end, when the distance is less than 120 miles, I am afraid that that would make a very great difference against the railways as compared with the present system.

2390. Would it not be in their favour?—I think not; take, for instance, a train from London to Watford, which is now exempted.

2391. You tell us that you know that you are doing that which is illegal in that case?—I think so.

2392. I understand that you are looking at it from the point of view that you could not approve of the train that did not stop between London and Watford?—I do not quite understand.

2393. Might I put it in this way; that whilst 150 miles were then taken to be the extreme limit, the Board of Trade should have a dispensing power to consider what distances were convenient within that distance?—I should very much prefer not having any such dispensing power in the Board of Trade.

2394. You would leave it entirely to fresh legislation?—I think so. Now that the only question is one of revenue, and not one of convenience to the cheap train traveller, I think that it would be very much better that the whole administration of the law should rest with one department, the taxing department, and not between the two as it does at present.

2395. Supposing that it were deemed advisable to prevent this tax from growing in amount, do you see any objection that would arise from arriving at a commutation of that tax by ascertaining the amount produced at any given period (say the last five years, or in the last year), and then collecting the tax at the rate of 3 per cent. upon all receipts from each railway until it reached that amount, and no further?—I understand that to mean that no railway should pay more than it did in 1875.

2396. We may naturally expect the traffic to go on increasing enormously, may we not?—Yes.

2397. But supposing that it were deemed advisable that this tax should not go on increasing, but that with a view of preserving it to the Exchequer it should be kept at its present amount or not beyond it, do you see any objection to commuting the tax so as to get the proportionate sums in the way which I have suggested to you?—It would be a question for the Chancellor of the Exchequer, whether he would consent to give up what would undoubtedly be the increase of this tax if it goes on.

2398. It has been suggested that that would be open to this objection, that it would be in the character of a quit-rent, and would have the character of permanence about it?—No doubt.

That

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Mr. *Samuda*—continued.

That would be both against the railways and for them; but I have stated that its permanence is one of the reasons for maintaining it. The companies have taken their undertakings subject to this charge, and therefore it can hardly be argued that permanence is objectionable.

2399. Do you see that there would be any practical difficulty in so collecting the tax, apart from the question of its permanence or otherwise?—It would be a simplification, no doubt; and it would, of course, get rid of all those difficulties that I have pointed out in the exemptions. But I should like to consider the proposal further before giving an opinion on it.

Mr. *Farrer.*

16 May 1876.

Mr. Robert Stanley Mansel, re-called; and further Examined.

Chairman.

2400. Will you proceed with the statement which you desire to make to the Committee?—With your permission I will put in copies of the judgments first in the Court of Exchequer, and then subsequently in the House of Lords (*the same were delivered in*). There was one return which I omitted also to put in. I gave you approximately the amount paid by the company as duty before the decision and subsequently. The exact amounts are the year before the decision, 6,173 *l.*, and after the decision 11,261 *l.* I think I gave it as 6,000 *l.* and 11,000 *l.*

2401. I believe you wish to say something about the Act of Parliament which deals with the fractional portions of a mile?—The Act of Parliament which we know as the Farthings Act, operates very hardly indeed upon the metropolitan companies, where the fares are extremely low, as you invariably lose the benefit of the fraction; and dealing, as we do, with such a very large number of passengers, it follows that what is an infinitesimal relief to the passengers themselves, amounts to a very large loss as regards the companies. For instance, taking the total number of passengers we carried as 24,000,000, even a farthing a-head would amount to no less than 25,000 *l.* a year. That will give you an idea of the value of a very small sum per head. But it so happens that it is very rarely indeed that the mileage works out exactly to a station; a station will always be either a little over or a little under the exact mile; it follows that wherever it is over we can get nothing more up to the halfpenny, and wherever it is under we lose; so that it is a loss in every case to the company, and that operates most prejudicially to the company, particularly bearing in mind that we are opposing the omnibuses and the tramways, who are entirely unfettered as to their charges.

2402. Are you of opinion that the railway rates and the omnibus rates, and the tramway rates, are regulated by the competition between those several systems?—To a very great extent they must be; but one element in which the omnibuses have a very great advantage as compared with the railways, is this: supposing competition to exist between the omnibus and the railway between two terminal points, one, say, being the city, and the other some other point where the two systems come in contact, the omnibus company are free to charge whatever they think fit, to all intermediate points; so that, if they like, they can charge the same fare for a single mile as they do for the entire distance; but the railway company is first tied down by the Act of Parliament, which regulates the fares, and, secondly, in order to claim any exemption at all, you can only charge 1 *d.* per mile for every mile a person travels. So that, whilst the omnibuses may charge, if they like, 3 *d.* or 4 *d.* for carrying two miles, the railway company cannot in any way recoup themselves by the shorter distances.

Chairman—continued.

2403. They can make the intermediate distances supply any loss that there is upon the longer run?—Just so, and you see what an immense advantage that gives them in competition.

2404. Did you hear Mr. Farrer say that he did not think that there was competition in the proper sense between the omnibuses and the railways?—I heard Mr. Farrer say many things that surprised me a great deal, and that was one of them.

2405. Some points arose with regard to the trains being run six days in the week, will you explain what that point was?—When the case was being tried in the Court of Exchequer that point was mentioned, but it was not actually insisted upon before the Court. There is an Act of Parliament by which no exemption from duty can be claimed in respect of trains which do not run six days in the week. It so happens that with the metropolitan companies, inasmuch as all the places of business close earlier on the Saturday than they do on the other days, the trains which would run ordinarily, say between five or six o'clock in the evening, are obliged to run at from two to three o'clock. That was a point of which the Board of Inland Revenue at once took hold, saying, these trains do not run six days in the week, they run five days in the week, at one hour, but on the sixth day the time is altered, and therefore they are no longer the same trains.

2406. If you were obliged to comply with the conditions to gain the exemption, that would prevent the third-class passengers from using the train which is most convenient for them?—Exactly; and it would throw an immense amount of inconvenience in the way of the passengers merely to enable the company to comply with the terms of the Act of Parliament as it is interpreted.

2407. How does the law operate with regard to season tickets?—For season tickets we got no exemption at all.

2408. Do you give third-class season tickets?—In the case of the North London we do not. They do so in the case of some of the companies, but in the case of the North London, as I have already explained, we had only two classes of fare for a long time, and the second-class season tickets are issued on a basis of considerably less than a penny per mile. But we have never been allowed exemption in respect of any class of season tickets, whatever the rate was. There was one point that struck me in the judgment of the Court of Exchequer. I think you will find that the point was raised there about workmen's tickets. As regards the workmen's tickets, they

Mr. *Mansel.*

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Mr. *Mansel.*

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Chairman—continued.

are periodical tickets, for they are issued for a week only.

2409. They are issued at considerably less than a penny a mile, are they not?—In our case they amount to a halfpenny a mile, but in many instances the second-class season ticket does not amount to a halfpenny a mile upon the basis upon which they are issued. The principle upon which the charge is based as regards the North London Company is this: you take a return ticket for six days in the week; then you take off from that, according to the distance travelled, either 15, 25, or 30 per cent., whatever it may be, to cover the unused days, as you may term them. That is the basis. But supposing the charge itself, the return ticket charge, to be less than a penny a mile, upon that principle it comes to very much less. With respect to the workmen's tickets, they are issued periodically, only the period is for a week instead of, as in the case of season tickets, from one month up to 12 months. The judgment of the Court would appear to be to the effect that the fact of the ticket being issued for a period should not invalidate the claim for exemption, because they say that if certain conditions had been complied with as regards luggage, and stopping at every station, and running from end to end of the line, they were then of opinion that the workmen's tickets would be exempt, and it is difficult to understand why, if the periodical tickets are exempt in one case, they should not be in the other, though the period may be somewhat longer.

2410. Speaking for the North London Company, who have been the litigants in this case, I presume that your desire would be to see the tax absolutely abolished?—Undoubtedly.

2411. And you agree with the other railway officials who have been here and who have expressed their views upon the subject?—Quite so.

2412. Have you considered the suggestions which have been made for a substitute for this tax. Have you heard the suggestion which was made by Mr. Farrer this morning, and the suggestion which was made by Mr. Rickman, with regard to the exemption of all fares under a penny a mile?—The best answer that I can give to that, I think, would be to place in your hands a copy of the memorial which was presented to the Board of Inland Revenue last year. The way in which it arose was this: in January last year a deputation from several of the railway companies had an interview with the Chancellor of the Exchequer, wherein the case of the different companies with respect to the tax was submitted, and especially with respect to the Metropolitan Companies. The Chancellor of the Exchequer expressed his opinion very much to this effect: that he considered that a case of hardship had been made out which he should be very glad to meet, as far as practicable, although not prepared at that time to go to the extent of abolition of the tax; but he recommended the that an interview should take place between the officers of the railway companies and the Board of Inland Revenue, for the purpose of ascertaining whether any different mode could be adopted of levying the tax, which should be less onerous on the companies. Accordingly, the representatives of a number of the companies waited on the Board of Inland Revenue and discussed this subject. We were rather disappointed, because we found in effect that the Board were not prepared at that time to go at all outside of the Act of Parliament. They simply understood that what we came about was to see if anything could be done to simplify the accounts; and what we went about was to see if anything could be done to relieve us of a portion of the tax which we felt to be very onerous. The memorial concludes thus: "That in order to place the companies working Metropolitan and suburban traffic on a more equal footing with proprietors of hackney carriages, tramways, and other competitive modes of conveyance, no duty should be levied in respect of passenger fares, of whatever class, for which the charge does not exceed 1*s.*" There was another reason for that, that for any fare under 10*d.* there is no generally current coin which represents the duty, and therefore there was a difficulty in getting that from the public.

Chairman—continued.

2413. Have you any notion at all what is the proportion of fares under a shilling per mile, except in the case of the Metropolitan, where there are very few above a shilling that would cover the whole of the metropolis, would it not?—It would cover the whole metropolitan area, but it would not cover the outside distances when you get down to Kew and Richmond, and so forth.

2414. But that 1 *s.* arrangement would be all in favour of the Metropolitan Company, would it not?—Exactly; it was so intended to be on the ground that all the competitive modes of conveyance were entirely free and untaxed, and also upon the ground that the remission of taxation to the road coveyances had resulted in a very considerable reduction of fares, so that the railway companies were still worse off than they were before the relative positions of the parties were altogether changed. I heard Mr. Farrer give contradictory evidence, but I think that Mr. Farrer was under a mistake in saying so. I know in the case of the North London, that the fares of the tramways were reduced, in some instances, one-third almost immediately on the remission of the horse duty. The tramways are the worst competitors, as ar fas we are concerned, and they are free from all taxation, except the police duty.

2415. Was it a fact that when the tramways started you did reduce your fares?—In many cases it was so; I pointed out to the Committee on the map the other day that one tramway ran exactly parallel with the City Extension line from end to end, and therefore necessarily our fares must be governed by their charges to a very great extent. Then the second suggestion in the memorial was, "That exemption from duty be granted on passenger fares of 1 *d.* per mile and under, including return tickets, and season tickets calculated on the above rate of charge, of whatever class or amount, and by whatever trains conveyed." The third suggestion was, "That a general power be given to railway companies to charge the passenger duty, in addition to their authorised maximum charges, such power being at present conferred on certain companies only under clauses in their special Acts." Those were the three suggestions; the last one was in order to get rid of a moot question which has been raised on several occasions, that all the companies have a general power to add the tax; and I do not think that that has even been decided; but special power has been given to certain companies to do so, and it was sought

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Chairman—continued.

sought to put all the companies upon an equal footing in that respect.

2416. Do you know of your own knowledge that those companies have charged additional fares in consequence of this tax?—I know that in some instances the duty has been added where the companies had power to do it.

2417. In your judgment upon whom does that fall?—Clearly upon the passenger, and equally clearly it would be removed if the tax were taken off.

2418. There is a direct effect upon the traveller which you would trace in the abolition of this tax?—Clearly in the case where the company is already charging the maximum; and even where the company is not charging the maximum the tendency would be very much the same; if the fare were increased from any cause whatever it would come equally out of the pocket of the passenger.

2419. Are you able to state to the Committee that this extra charge was put on cotemporaneously with the altered view of the law?—It was so. Moreover, there was a discussion amongst several competitive companies upon the subject, as to what should be done, and the general feeling was, that wherever practicable it should be put on.

2420. Practicable with reference to what?—With reference to the competition.

2421. Where you have competition the competition would not permit you to put the extra load on; but where you could do it you would?—Where we could do it we would; it was felt that the intention of the tax, if the Act was to be understood, was that it was to be upon locomotion, and not upon the individual companies, not upon any one particular class of carriers.

2422. That is to say, that so far as the traffic or the public would bear it, you would recoup yourselves under the powers that you have to increase the fares?—Just so; feeling that the public were the parties who ought to pay.

2423. Is there any other matter that you wish to state to the Committee?—There is one other point in Mr. Farrer's evidence with which I was struck. I think he said that his connection particularly with the Railway Department of the Board of Trade commenced in 1866, and he spoke afterwards, as I understood him, of the Board having misunderstood the time tables furnished by the North London Company, and not having understood that they were not charging third class fares to all stations by the trains in respect of which they claimed exemption. In that he must have been mistaken, because I mentioned the other day that the form which was originally given for the application for remission showed clearly the points between which the third-class fares were or were not charged. They were shown in different coloured inks; the trains by which third-class fares were not charged between all stations were shown in black ink, and those which were put in merely to comply with the requirements of the Act as regards penalties, were shown in red ink, and explained in a foot note at the bottom.

Mr. *Samuda.*

2424. With reference to the Farthings Act, you say that it is a great hardship upon the railways; you have told us that 25,000 *l.* represents what the additional farthing would be to each passenger that travels, but you only pay 11,000 *l.* in duty, and consequently that is only one tenth of a penny?—I merely mentioned what a farthing would amount to per head, simply as showing you what a very large sum would be arrived at by a very small charge.

Mr. *Samuda*—continued.

2425. But if 25,000 *l.* is to be consequent upon your dealing with a farthing a mile, and if the total sum which you have to pay for duty in the course of a year is only 11,000 *l.*, and consequently only represents one-tenth of a penny for each passenger, it does not seem to me to be clear that you would be much influenced by the Farthings Act, with reference to saving the duty or otherwise?—I do not exactly see the bearing of the question.

2426. The hardship you say is this: that you cannot make the fare exactly what you would like, because it would amount to 25,000 *l.* in the course of the year if you were obliged to lose a farthing on each passenger?—I did not intend to put it in that way. What I say is this, that under the Fractional Act we invariably lose the fraction, whatever it may be.

2427. You only lose that fraction with the view of getting back the 11,000 *l.* in the shape of duty, but if it were your interest to get the farthing, and not lose the farthing, you would disregard the 11,000 *l.* altogether, because it would give you 25,000 *l.* if you could get it?—I did not say that it would give me 25,000 *l.*, because 25,000 *l.* would be a farthing per head upon the whole traffic carried, and I did not say that I should get a farthing per head; I merely put that figure as an illustration, and not at all as a statement of what we should get or lose by it.

2428. My only object was to ask you whether you would not really set to work to fix the fare that you thought would be the most remunerative to yourselves, altogether irrespective of the amount which you would have to pay in the shape of duty?—In many cases we are rather tied by what the fares have been for a great number of years, and we should find very great difficulty in modifying them.

Mr. *Macdonald.*

2429. I think you stated that the omnibus companies have a power of making an increase of charges in the shorter distances, which was a disadvantage to you?—It was an advantage to the omnibus companies.

2430. And consequently a disadvantage to you?—Yes, as regards competition simply.

2431. In what respect was it a disadvantage to you?—Because, supposing the fare to be limited to a very low amount for the entire distance, whilst we were tied to a very low sum to intermediate places, the omnibus companies could recoup themselves by charging a higher rate where there was no competition.

2432 Are omnibus companies in the habit of doing as you indicate?—Yes, in many cases there is an uniform fare throughout for the journey, or there used to be; it has been somewhat modified of late.

2433. Is it not the fact that when one omnibus company comes to run against another or against a tramway they are guided by the same principle of competition as you are?—Clearly; where they run side by side the fares must be the same between all points.

2434. You say that the position of matters gives

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Mr. *Macdonald*—continued.

gives an advantage to the omnibus companies where they are running short distances; do not the railway companies take the same advantage when they can get it by increasing the fares?—They are unable to do so, because the moment I increase my fare I lose the right to claim the exemption from the duty.

2435. But if you put it upon the passenger you double the rates?—If there are two points between which I raise the fare to anything above 1 *d.* a mile, I lose the right to claim exemption in respect of passengers carried between any stations by the same train. According to the interpretation of the Act, as given in the judgment of the Court of Exchequer, the fares must not exceed 1 *d.* per mile between all stations at which the train stops. If, therefore, I raise my fare to anything above that between any two points, I lose the right to ask exemption in respect of the entire number of passengers carried by the train.

2436. You were asked on the last occasion of the meeting of the Committee if you considered that a monopoly was possessed by the railway companies, and your answer was, "We have nothing that could at all be termed a monopoly;" do not the railway companies stand in the same position as gas companies?—No, certainly not.

2437. In what respect do you differ?—A gas company, for instance, has the exclusive right of supplying gas within a certain district; but, in the case of the railway companies, we have no exclusive right of carrying passengers; we have simply obtained a right to make a railway, but the means of locomotion by road or by railway remain much the same as before.

2438. You have the same protection, have you not, if Parliament thinks fit; you are the owners of the railway?—I take it that if it was shown to Parliament that the construction of another railway was likely to be a public advantage, there would not be any claim on the part of the North London Company or any other company to exclusive possession of the route.

2439. If it was shown to Parliament that another gas company would be any advantage to the public, would there be any difficulty in that respect?—I think that there would be in some respects.

2440. In what respect would the two cases differ if the public was to obtain the advantage?—The gas companies have obtained a monopoly of the right to sell gas; but the railway companies have not gained a monopoly to carry passengers; they have simply gained from Parliament a right to construct a railway, but that gives them no monopoly.

2441. It gives them the right to carry passengers by the railway, does it not; and no other persons can carry passengers by the railway?—According to the terms of the Act, and the form in which it is usually granted, any one might carry passengers over the same railway on the payment of tolls, although practically it comes to the fact of the railway company generally being carriers as well; but the terms of the Act of Parliament simply confer the power to make the road and to charge tolls.

2442. You say that you differ much from Mr. Farrer, but I think that you and he agree upon one point, and that is that the railway companies alone pay the duty?—That is so as regards the passenger duty, but I do not know that I quite understand your question. Perhaps I am misleading you. I understand you to ask whether I think that the railway companies alone pay the duty; I say that the duty is charged only upon passengers conveyed by railway upon railway receipts.

Mr. *Macdonald*—continued.

2443. But I find that you say at Question 2243, "We have to pay the duty out of our own pockets, as we cannot possibly recoup ourselves from the public"?—That is so in the case of the metropolitan companies. The competition of untaxed competitors is so great, that it compels us to pay this duty; we cannot put it on to our fare and charge it to the passenger.

2444. So that you endorse what Mr. Farrer said in that respect?—Entirely, and we complain of it as a hardship.

Mr. *Knatchbull-Hugessen.*

2445. It is, in your opinion, an exceptional case with regard to the metropolitan companies, is it not?—As regards the metropolitan companies it is particularly strong. In other cases, on longer lines, it may be different; of course, where a line goes for a very long distance they have, practically, very great advantages.

2446. Supposing that that which Mr. Farrer said was the only alteration worth considering was adopted, namely, that there was 3 per cent. charged upon the whole of the passenger duty, all exemptions and all obligations being done away with, what effect would that have upon your line?—The objection that I should entertain to it, in the first instance, would be the permanence of the tax; and that I should object to certainly, because we hope to get relief. As a question of figures it would be paying somewhat less than we pay now.

2447. But what effect would it have upon your management of the traffic; would it induce you to give greater facilities to what are called third-class passengers, or would it lead you rather to diminish the facilities which you at present give?—It certainly would not give us any inducement to offer increased facilities. Our object, of course, would be where we could to get the tax, and we should get it from the public if possible.

2448. But you are not able to say that it would operate upon your giving facilities to third-class passengers?—If anything it would operate prejudicially, because, it being a tax which we should be obliged to collect, we should have no longer the inducement of giving the facilities for the purpose of getting the exemption.

2449. Putting aside for a moment the pecuniary aspect of the question, is it or is it not a great inconvenience to you to be, by the operation of the present law, obliged to stop at every station, trains which otherwise you would only stop here and there?—It is a very great inconvenience to the railway company and a still greater one to the passengers. I was saying the other day that in the morning and in the evening, when the set of the traffic is in one particular direction, trains will get filled at the terminal station and there is no reason for their stopping at the intermediate stations, because they are full; but in order to claim the exemption we are compelled to stop them at every intermediate place on the road, which is of no use at all to the public and a nuisance to ourselves.

2450. Is your objection to this tax founded not

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Mr. *Knatchbull-Hugessen*—continued.

not only upon the pecuniary loss to your companies, but upon the great inconvenience of the interference of the Government with the carrying on of the industry which you are conducting?—We object to it, of course, as a restriction upon our free action.

2451. You supply locomotion to the public in the same manner as gas companies supply gas to the public, do you not?—We supply an article, but not on such favourable terms.

2452. And if in the supplying of that article you are restricted by a tax, is it not a mere play upon words to say that that tax is not in some degree a tax upon locomotion?—I think that it is a tax upon locomotion in whatever shape it is collected.

2453. You are subject to other great burdens, are you not, in the shape of maintenance of way, and so on?—The local rates are very heavy indeed; the amount which we pay in respect to that is as much as the passenger duty.

2454. Those rates, I suppose, are a diminution of the sum which would go to create the dividends of the ordinary shareholders wherever there is a dividend?—It is so, no doubt.

2455. We had a question about rates the other day. Is not a railway rated upon its earnings?—Practically, it is rated upon its profits.

2456. That is not the case with an ordinary trader, is it?—Certainly not; you may have a case of a warehouse in which a business is carried on by which a man may be making his hundreds of thousands a year; but the rating is simply upon the value of the warehouse as a building.

2457. Therefore, when a man is carrying on a business that brings in many thousands a year in a large warehouse, you do not pry into his income, and rate him upon his returns, but upon what the premises would let for from year to year?—Just so; but in the case of a railway it is assumed that the value of the premises is the value of the profit which can be made out of them.

2458. The returns of a railroad are before the public, and they can be easily ascertained, can they not?—They are published.

2459. Therefore there can be no mistake about getting the full value out of railway companies?—None whatever.

2460. That is not the case with regard to ordinary traders?—The ordinary trader would have considerable difficulty in arriving at what his profits were.

2461. Then, when you speak of taxing great corporations as people who have exceptional advantages, they also have exceptional disadvantages in this matter of taxation, have they not?—Certainly.

2462. With reference to canals, are you aware of the manner in which canals are rated?—No, I am not very conversant with canals; I know that in some cases canals have obtained a special exemption from that mode of taxation.

2463. Do you know, as a matter of fact, that in a great number of the Canal Acts there is a special clause directing the way in which they are to be rated?—I know it was so in the case of the Grand Junction Canal, for I was interested in that.

2464. The railways are treated as private property for the purpose of rating, and they are subjected to a very stringent law of rating, are they not?—That is so.

Mr. *Knatchbull-Hugessen*—continued.

Mr. *Mansel.*

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2465. At the same time they are taxed, as public institutions, when the State comes to deal with them, and they are subjected to a special kind of Imperial taxation, are they not?—Yes, that is so.

2466. Therefore you hit them both ways?—Yes; it is a kind of heads I win, tails you lose.

2467. When you said just now that railway companies alone pay the duty, I think you meant that they were the only people who supplied locomotion to the public who pay this duty?—I thought that I explained that subsequently.

Mr. *Ashley.*

2468. Did I correctly understand you to suggest just now as a change in that tax, that all the fares under 1 *s.* should be exempt from duty?—That all the fares under 1 *s.* should be exempt from duty.

2469. In the case of the metropolitan lines, would not that be tantamount to exemption altogether?—Yes, excepting as regards suburban traffic; within the metropolitan area, where the fare never exceeds 1 *s.*, it would be tantamount to a total exemption; we ask for that because we are subject to extreme competition.

Mr. *Leighton.*

2470. Is not the principle upon which all real property is rated to the poor rate, the ability which the person occupying the land has to pay it?—No, I think not.

2471. You think that that is not the underlying principle?—I do not think so at all; he has to pay upon the assumed value of the property, whatever his ability may be to pay.

2472. Are you aware that those are the words used in the Act of Elizabeth?—I am not acquainted with the Act of Elizabeth.

2473. You say that the companies have all their accounts open to the public, and therefore that in rating matters they cannot in any way avoid being rated up to the full amount?—I said that that gave very great facilities in rating railways, which are not given to private individuals.

2474. Is there not a difficulty in rating railways quite different from rating any other property, because there is no railway which is completely within one parish?—Of course that makes the question rather more complicated; but it has been very much simplified of late years, and there is no great difficulty in it.

2475. The fact is, that a length of railway has to be taken as a whole, and then the profits have to be allocated, and the expenses have to be allocated to the part within the parish which is rating the railway?—It is a difference of apportioning the rating between the different parishes; there is no difficulty in arriving at the gross total of the rateable value.

2476. Is not the result that the railways do not pay their full amount on what is supposed to be their rental?—My experience is rather the other way.

2477. Are you aware of any parishes where for a considerable time the railways have been rated, say, at 10,000 *l.*, and where the rating has suddenly been raised to 30,000 *l.*, the circumstances of the railway having been pretty much the same during the 10 years previously?—I am not aware of any such case.

2478. Are you aware of the state of railway rating,

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Mr. *Mansel.*

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Mr. *Leighton*—continued.

rating, or are you speaking rather from guess work; because I am putting to you a case which is familiar to everyone who has had anything to do with railway rating, viz., the case of a parish where a railway has been rated for a number of years at 5,000 *l.* or 10,000 *l.*, and where, when the matter has been considered, the rating has been raised to 30,000 *l.* and 40,000 *l.*, and I believe I may even say to 50,000 *l.*?—I am not aware of any such case; but I have not taken any very great interest in the subject generally.

2479. Can you tell me how railways are rated in a different mode from other real property, such as, for instance, coal mines, which are rated upon the amount of coal which is got out of them, upon the value which the owners make out of their coal mine?—I am not at all conversant with the mode in which mines are rated. The question which was put to me was with regard to property under somewhat similar circumstances in the same parish, and I took the case of the warehouse as compared with the railway companies.

2480. Comparing a coal mine with a railway company, do you maintain that they are rated upon a different principle?—I do not know the principle upon which mines are rated.

2481. Do you know that the same principle underlies the rating of every kind of real property?—No; I should say that it did not.

2482. Do you know that the Union Assessment Act applies equally to all?—But there is a great difference in the mode of its application.

2483. Not in principle?—I should say in principle, because it is assumed that the value of a railway is what they term its lettable value, and that lettable value must be the profit derived from the railway; but that would not be the same thing in property where an ordinary business was carried on.

2484. I am talking of a farm, or land, or tithes, or coal mines, or quarries, or brickworks; all real property is rated at the value which a tenant would give from year to year using it as the person who occupies the particular property in question; is not that exactly the same way in which railways are rated?—That would be so, I take it, in the case of a farm; but you do not levy the rating upon the profit which the farmer make; the same basis is not adopted.

2485. The profit is the underlying question of the rating of the farm; if a farmer makes 100 *l.* out of his farm, so much goes to himself and so much goes in rent, and he is charged to the poor ate the amount of rent which he pays, or is supposed to pay?—Yes, but there is this material difference: that in the case of a farmer, he is charged upon the rent of his land; but that in the case of a railway company, you cannot deduct the tenant's profits upon the amount you have expended in making the railway, but simply upon the working plant, which you employ in working it.

2486. Do you, in the case where a large house has been buiit, consider the amount which has been spent on that house; supposing that the house is useless, you do not get the rating out of it in proportion to the house, but you take it at its annual letting value for the time being, do you not?—Just so; but the same principle does not apply to a railway.

2487. The railway is rated as a hypothetical tenant taking a certain line and using it in a certain way, and then there are certain deductions made, and the result of that is, that from the gross profits they arrive at the letting value?—As I have already stated, there is no account taken of the capital which the company have had to expend in the first instance.

2488. Is that taken in any case, in a coal mine, for instance?—I take it that in a coal mine they do not spend money to construct the coal.

2489. They have often spent 30,000 *l.*, 40,000 *l.*, or 50,000 *l.* in sinking shafts, have they not?—They would be allowed a certain deduction.

2490. And the money spent uselessly in a coal mine in sinking a shaft would not be taken into account, would it?—As I have already stated, I am unable to say whether deductions are allowed or not.

2491. Then will you so far modify what you said to my Right honourable friend with regard to railways being rated exceptionally?—No, I say still that they are rated exceptionally.

2492. Take the case of a coal mine or a farm?—I would rather not take the case of a coal mine, because I know nothing about coal mines.

2493. Will you take the case of a farm?—I know very little about farms.

2494. What case will you take?—I will take the case which I mentioned just now, of a shop or a manufactory. We were speaking of a railway just now, as securing the means of locomotion; if you take the case of a shop, you do not there levy the man's rates upon the profits which he makes in his shop, but upon the rental value of the shop.

2495. You put in a hypothecal tenant, and you say, "What will that man pay for carrying on that trade in this house?" and if it is in a particularly good situation, and a very good house, he will give a large rent?—In some cases you do not even take that principle; you do not say that it is for this trade, but for any purpose whatever.

2496. You seem to me to agree with Mr. Farrer, that it is competition which governs fares?—No doubt, in most cases it is so.

2947. Do you agree with some of the witnesses that in cases where the company pays the tax it is an income tax upon them?—The effect is the same. It is worse than the income tax in one respect, because, being levied upon the gross earnings, and assuming 50 per cent. to be the working expenses, it, in fact, doubles the tax.

2498. Would you consider an income tax a tax upon locomotion?—It would become a tax upon locomotion if the parties who were taxed were employed in carrying the traffic.

2499. Is it true to call it an income tax where the companies pay it, and a tax upon locomotion where the public pay it?—It is equally a tax upon locomotion in any case, as it seems to me; but in the one case the company is able to recoup themselves from the public, and in the other case it cannot be recouped.

2500. You see no difference whether the company pay it, or the public pay it?—I should see a good deal of difference, speaking for the railway company, whether they could get it from the public or not.

2501. There is a difference of incidence, of course. You are rather troubled by the exemptions and obligations, and if you could get rid of them, you would be enabled to carry on your trade more easily?—It would leave us more free to act in some cases. I gave an illustration the other day,

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Mr. *Leighton*—continued.

day, of a case where we have been very strongly requested to expedite the carriage of some passengers who had come from the Great Northern line; but the moment we endeavoured to do that by ceasing to stop at intermediate stations so as to quicken the journey, we should have become liable to the tax; and, therefore, we did not do so.

2502. If you got rid of the exemptions and obligations you would be enabled to carry on trade without interference?—If the tax were taken off altogether we should be able to do so.

2503. If you got rid of the exemptions and obligations, you would be able to carry on your working arrangements without difficulty?—To some extent we could; but I should like to see what we are going to have in substitution for it.

2504. But the two things stand upon different principles, do they not; possibly for fiscal reasons it may be necessary to keep on the tax, but at the same time, for the convenience of railways, it would be better to get rid of a system of exemptions and obligations?—I think it would depend very much upon the individual railway; in some cases it might work hardly.

2505. In some cases it might press hardly, because they would have to put their hands into their pockets, but they would get rid of the inconvenience, would they not?—I take it that as long as the tax remains the companies will always seek to get it out of the public in some shape or another.

2506. The agitation to get rid of the tax, I believe, has come solely from the railway companies?—I think not solely. The cause of the agitation was the Inland Revenue putting an increased charge upon the companies. If matters had remained as they were before, viz., that all competitive modes of locomotion were also taxed, probably the companies would have remained quiet; but it was the fact of the remission of the taxation from all other modes of conveyance, accompanied by the raising of it in respect to the railway companies, which led to the agitation.

2507. But the agitation has come from the companies, has it not?—The companies comprise a very large proportion of the public now.

2508. The public as represented by the companies?—Not only represented by the companies. There was a very strong memorial sent to Parliament from the passengers on the North London line on this subject, simply because they felt that they would get increased facilities in the event of the tax being removed.

Mr. Serjeant *Spinks*.

2509. You have heard Mr. Farrer's proposal of putting a tax of 3 per cent. upon railway passengers receipts, without allowing any exemptions. Do you prefer that scheme to the plan which Mr. Rickman has given to us; viz., the plan of remitting taxation in all cases on fares under 1*d.* a mile?—I should very strongly prefer Mr. Rickman's plan.

2510. Would not Mr. Farrer's plan be an easier plan for collecting the revenue in the way of accounts, both to the Government and to the company?—It would be an easier plan, no doubt, as regards the collection; but I think that it would operate very prejudicially to the companies. The third-class traffic, or the traffic that is carried at fares of 1*d.* a mile or under, is the traffic which has the greatest tendency to grow. If, therefore, you imposed a permanent tax of

Mr. Serjeant *Spinks*—continued.

that kind upon all traffic receipts, doing away with the exemption on third-class traffic, it would become a very much heavier impost in the course of a few years than it is at present. The traffic which at present is exempt is growing, and growing fast.

2511. Still, it occurs to me that the 3 per cent. is the easier mode of collecting the tax, is it not?—I should take it that 3 per cent. would be very much too high.

2512. But putting a 3 per cent. tax upon all passenger receipts would be a very easy and simple mode of collecting the duty, would it not?—It would be a very simple mode of collecting the duty, but I do not think that it would be a palateable one at all.

2513. It would not at all interfere with any of your arrangements. You could make what arrangements you liked about fares, and about trains, and other matters, could you not?—It would only affect my arrangements in this way: that I should lose the inducement to give facilities to the third-class passengers which at present operates by my obtaining an exemption from duty.

2514. There is no particular magic in the figure 3; it might be a less per-centage than three, might it not?—Certainly.

2515. Therefore the question which I should have asked you is: Do you not see advantages in a per-centage system instead of a system of taking each particular ticket and calculating the totals out?—I think you would find that there would be very great objection to the idea of having this rate, because certainly railway companies have a great expectation that they will be relieved to some extent presently, and that if the circumstances of the finances would admit they might look for the repeal of the tax altogether. But if this becomes a charge of a certain per-centage, it would assume a permanent character, and would do away with a great deal of their expectation.

2516. Still there would be great facilities in reducing it from 3 per cent. to 2 per cent., and from 2 per cent. to 1 per cent., as the state of the revenue admitted, would there not?—I am afraid that it would be so easy for the Government to collect it that it would be a great temptation to continue it.

Mr. *Bruce*.

2517. I understood you to mean in answer to my honourable friend, the Member for Oldham, that under your present system you have certain inducements to develope traffic of a low class?—That is so.

2518. Those inducements would be entirely removed, would they not, by a fixed per-centage being taken over the whole of your traffic?—Clearly.

2519. I suppose that it would be idle to ask you at present what the exact result would be; but I presume that the tendency would be for you to diminish your accommodation for low-class traffic and rather to increase it for high-class traffice as far as you can?—It is difficult to tell what the effect would be at present. I have not considered that question.

2520. But the tendency would rather be that way, would it not?—The tendency would be rather to increase than otherwise.

Mr. *Mansel*.

16 May 1876.

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Mr. HENRY OAKLEY, called in; and Examined.

Mr. *Oakley.*

16 May 1876.

Chairman.

2521. YOU are the General Manager of the Great Northern Railway?—I am.

2522. I do not think that it is necessary for you to describe to us the Great Northern lines except so far as it is necessary for you to explain if you can in any way, how this tax interferes with the conduct of your railway and with the convenience of the public?—First of all I had better start by saying that we practically pay the tax. All our fares are under our maximum, and in the case of third-class fares we charge 1 *d.* a mile only, and fulfil all the restrictions of the Act, except that of stopping at every station in the case of some of our trains. The proportion of third-class trains on which we pay duty is 39 per cent. of the whole, and we pay the whole of the duty on the first and second class fares also.

2523. Supposing that this duty were remitted upon the fares of which you speak, do you believe that it would lead to any sensible reduction?—In the case of all railway companies, serving large districts, and especially industrial districts (such as Yorkshire, Manchester, the North of England and Scotland), the tendency is and has been of late years always in the direction of a reduction of fares. When the decision was given by the judges on the first occasion my Board considered the subject, and they dealt with it in this way: They said, as the Government had decided that the third-class passenger should be carried at 1 *d.* a mile, and he has been so carried in the best way we could carry him for a greater number of years, we will not make any addition to those fares by adding the duty until the question has been tried out. They felt sure that sooner or later it would come before Parliament, and so far as they could they lent their aid to obtain a re-consideration of the question, which resulted in this Committee being appointed. I am authorised to say distinctly that although they have the power under the Act of adding the duty to the fare they are indisposed to do that unless they are compelled to do so by any unsuccessful pecuniary result of the working of the railway; but that they would strongly urge upon the Committee the advisability of abolishing the tax altogether. History tells us, "Hansard" tells us, that it was imposed in order to put us on a level with stage coaches, which were then the principal means of conveyance; and as the tax upon them was abolished as soon as the fiscal arrangements of the country permitted it, we ask that in justice to us it should be wholly abolished; if the time for its total abolition has not arrived our strongest and most urgent plea would be to have it allowed in all cases on the third-class fares. I may say briefly that the system which was altered two years ago was in operation when we came into existence as a railway, and we were very much surprised to find that any question arose upon it.

2524. You intimate, then, the possibility, if the law is carried out, that you will have recourse to your power of putting something on to the fare?—We may be obliged to do that if the concerns of our railway are not prosperous, and within the last two years the ratio of the profit has been descending. The increase in the number of passengers and the increased cost of working them has reduced the net profit, and so far as we can at present see there is a tendency to still further reduction; it may become, therefore, absolutely necessary for us to restore our fares to the maximum which they are not at now, and to add the duty.

Chairman—continued.

2525. Supposing that the law remains as it is, the public are the gainers now by your system, are they not?—Yes, because we have not added the duty.

2526. If the law is pushed to its full extent, you would have to raise your fares, would you not?—We may have to do so.

2527. In that case the public would suffer, would they not?—The public would suffer directly by the payment of the tax.

2528. Therefore, although it would come out of your pocket in the first instance, you would take it out of the pockets of your customers if you could?—It is unavoidably so, because we are a commercial undertaking, although we are, to a very large extent, also public bodies serving the public; but there is a body of shareholders to provide for, and so long as we do not make inordinate profits, I think we are bound, in reasonable consideration for them, to do our best to take care that they shall get a fair return for their money. It must be borne in mind that this tax is not 5 per cent.; it is 5 per cent. upon the gross receipts. Our working expenses are about 55 per cent., and therefore it amounts to 11 per cent., or more than 2 *s.* in the pound on the divisible income of the company.

2529. Besides the direct advantage which you say that the repeal of this tax would have upon the passengers, are there indirect advantages which you can suggest?—Yes; as it at present works, it imposes upon us very serious disabilities in the conduct of our business on the railway. To ensure exemption, we are obliged to stop at every station. Until the law was declared as it now stands, we did not do that, but we separated the trains into three complete series: one, the Metropolitan Railway, going, say, eight miles from London, stopping at every station; secondly, passengers going more than eight miles, who were allowed to run the first eight miles quickly, and then stop at the stations beyond; and, thirdly, express trains. The consequence of the judgment in the courts has been that we have been, in many cases, obliged to stop the medium fast trains at every station in order to secure the exemption from the tax on the whole of the third-class fares by that train. As we did not add the duty to the fares, we were bound, for the protection of the company, to reduce the amount of duty as much as we possibly could, and that is the way in which we had to do it. The consequence is, that the passengers north of this limited district of London are materially inconvenienced. They are from 10 to 20 minutes longer on the road, and everybody knows the irksomeness of being obliged to stop at 14 or 15 stations before they can get home.

2530. I believe that it is a maxim with traffic managers, is it not, that the less slow the trains, the better for the convenience of the traffic?—The income of a railway is derived from the passage of traffic upon it, and the quicker you can get the trains off the road, the greater capacity

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Chairman—continued.

capacity you have for carrying; therefore the object always is to get the trains as quickly as possible to their journey's end, consistently with safety and other considerations.

2531. I do not ask you to put it as a threat, but is it possible that, if this tax were continued, you might withdraw some of the accommodation which you now give to the third-class travelling public?—I confess that I have never thought of it in that direction. One's instincts always go in the direction of providing improved accommodation, because we think that that will pay best in the end; and, therefore, I would rather not say anything about withdrawing, but I would say that they would probably get more accommodation if the tax was reduced.

2532. But it is possible?—It is possible.

2533. What do you pay in the shape of passenger duty?—We paid on the first and second class, 25,331 *l.*, and on the third-class passengers, 39 per cent. of the whole, 11,507 *l.*, and that 11,507 *l.* is practically the extra pull that comes out of our pockets in consequence of the judgment.

2534. You have had experience on your own line of the working of workmen's trains, have you not?—We are under no Parliamentary obligation to run them at all; but my directors thought that, as Parliament had imposed that obligation upon other lines, it was part of a public duty, and therefore they ordered them to be run. We run two every morning, and we submit the passengers to no restriction at all; they take a return ticket in the ordinary way, varying from 2 *d.* to 4 *d.*, according to the distance which they are carried, and we carry about 600 or 700 men every morning; two trains full.

2535. Do you get exemption for them?—Yes, we get exemption for them.

2536. Do the trains stop at every station?—They stop at every station.

2537. Is that stopping at every station convenient to the passengers or not?—It is an inconvenience to those who live at the farther distance from town, but there are not on our line so many that they can fill a train at any one station. There are two trains; one runs five miles and the other runs eight miles.

2538. What are the places to and from which they run?—Wood Green is one, and Barnet is the other, and they go into the City and back again; the workmen are allowed to return at any time after 12 o'clock.

2539. Do you concur generally in the evidence which Mr. Forbes and Mr. Parkes have given as to this tax?—Certainly; I have a very strong opinion indeed that, as a matter of justice, the tax ought to be abolished altogether. If your sense of justice is governed by fiscal reasons, and you cannot give us the whole, then let the duty on the third-class passengers be abolished with the exemptions, because it is not only a question of money, but it is a question of the inconvenience that it entails upon the companies and upon the public, and, I believe, is a serious loss to the property adjoining railways.

2540. In what sense do you mean that?—I mean in this way: we should decline now to open another metropolitan station near London, because if we did we should have to stop every train at that station. The consequence is, that land near there cannot come in for building, and the people who would go out of town are, in consequence, restricted in their choice. No man would go out of town and live two or three miles from a station; but if he can get a station within a mile of him he will go, and therefore, by this difficulty, we are practically preventing a development of the suburban districts; I have no doubt whatever about that.

Chairman—continued.

Mr. *Oakley.*

16 May 1876.

2541. Do you know whether that applies to other railways in the vicinity of London besides your own?—I have no doubt that it does apply, but I cannot speak from my own personal knowledge of any difficulty which has arisen. I think that Mr. Parkes said, as representing the Great Eastern Company, that he should have great difficulty in concurring in the opening of another station.

2542. Have you turned your attention to any substitute for this tax, in case it cannot be repealed?—I cannot say that I have. I have heard the suggestion made in this room of a duty of 3 per cent.; but that, so far as we are concerned, would be in fact no relief at all, because the duty which we pay in the divisions I have stated represents about 3 per cent. upon the total. I would suggest, for the consideration of the Committee, whether the duty on the third-class passengers should not be abolished altogether, and 3 per cent. taken on the remainder; and I think that there is equity in that view, because the Legislature has laid down that there should be a minimum fare of 1 *d.* a mile, and that if we carry at that rate, then we shall be free from taxation. It is not unreasonable, therefore, to relieve us from that, and charge any duty that may be indispensable on all fares above 1 *d.* per mile.

2543. Do you mean that there should be a per-centage charged upon the first and second class?—Yes.

2544. The third class is the most paying traffic that the railways have, is it not?—No, it is not the most paying, with reference to the receipt, because the fares are low, and therefore the proportion of profit on the total money is not so great as on the first and second class.

2545. Taking into account the conveniences and accommodation which you have to give to first and second class passengers, as compared with the third class passengers, do you not carry third-class passengers cheaper than you do first and second class passengers?—Not much; there is only the difference between the stuffing and cushioning of the carriages.

2546. The first-class luggage, the first-class waiting-rooms, and first-class attendance are all of a superior and more expensive character than you give the third-class passengers, are they not?—Yes; but the number is very small. The first-class passengers are only about 7·10 per cent. of the whole; the second-class passengers are about 16·52 per cent. of the whole; and the third-class passengers are 76·38 per cent. of the whole. The money varies in this way: the first-class receipts are 21 per cent. of the gross receipts; the second-class receipts are 18 per cent. of the gross receipts; and the third-class receipts are 55 per cent. of the gross receipts. The season tickets, which are 4·53 per cent. of the gross receipts, are omitted. For 75 per cent. of the whole number of passengers we only get 55 per cent. of the gross receipts; whereas for 7 per cent. of the passengers we get 21 per cent. of the gross receipts.

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Mr. *Oakley*.

16 May 1876.

Mr. *Samuda*.

2547. Can you tell me the number of carriages which you move in the course of the year to carry those people in?—We have 204 first-class carriages and 23 saloons, making altogether 227; and we have 221 second-class carriages, and 594 third-class carriages. Then there are 262 composites and coupé's, which always contain a first-class compartment, and probably two second, or two third-class compartments.

Chairman.

2548. What proportion do the net receipts bear to the gross receipts?—I cannot tell that.

Mr. *Samuda*.

2549. What did the gross receipts from third-class passengers come to?—£. 590,000.

2550. What were the gross receipts from second-class passengers?—£. 201,000.

2551. What were the first-class gross receipts?—£. 231,000.

Mr. *Arthur Peel*.

2552. Did you say that the third-class passengers were not your most profitable class of passengers?—They bring the greatest amount of profit, but in proportion to the number of passengers the ratio of profit is less.

Chairman.

2553. But taking them as a whole they bring you most money, do they not?—The gross amount of money of course is larger, because they are 10 times as many as the first-class passengers, and nearly five times as many as the second-class passengers.

Mr. *Samuda*.

2554. We might gather from your figures that each carriage in the course of the year yields you 1,000*l*.?—The carriage is a very small part of it; the haulage is the most important part of the question. It is the number of times that the carriage is hauled up and down the line; the maintenance of the carriage is a very small part of our working expenses.

2555. But you have no more carriages for every 1,000*l*. which you earn for third-class passengers than for first-class passengers?—Quite so; because, first of all, the first-class carriages carry 24 people, and the second-class carriages will hold 50; but then you have got those 50 to haul.

2556. Your carriages will weigh about the same in each case, people and all, will they not?—No, certainly not; one carries 24 passengers and the other carries 50. There is not much difference in the actual weight of the vehicle, although the first-class carriages are heavier, no doubt.

2557. Supposing that you take the same number of carriages in each train, which is practically what you do, I suppose, in proportion to the people you carry, then each carriage earns the same sum of money at the end of the year?—Yes; but that is only part of the expense; the carriage and waggon repairs, which are all that would be affected by it, is 2*d*. per train mile, and the gross expenses are 2*s*. 9*d*. per train mile.

Mr. *Arthur Peel*.

2558. I understood you to say that the only thing that would drive you to saddle the public with the passenger duty would be, as you styled it, the unsuccessful pecuniary result of the working of the railway?—Yes.

Mr. *Arthur Peel*—continued.

2559. I understood you to say that for several years past there had been a descending ratio of profit?—Yes.

2560. How have you exercised such great self-control that you have not saddled the public with it?—Probably it is an act of self-abnegation; but the directors determined not to do it until they had had an opportunity of bringing it before you. There is still some public spirit on railway boards.

2561. That would apply whether the tax was repealed or not?—No, because if the tax was repealed we should not have to pay it. It would not make such a very great difference, but it would be one of the elements in which we should most certainly economise.

2562. I understood you to say that you were not under any Parliamentary obligation to carry working men as passengers?—That is so.

2563. Are you singular in that?—Some of the railway companies in London have obligations to carry them; the South Eastern and I believe the Metropolitan Companies.

2564. Independently of the Cheap Trains Act?—Yes; independently of the Cheaps Trains Act.

2565. Are those private Acts?—Yes.

2566. Then if this Act was abolished, do you contemplate that those Parliamentary obligations to carry third-class passengers should continue?—In our case it is done without any obligations, and I know no reason why we should alter it. I think, if you will allow me to make a suggestion, that we look at this really with a view of trying to do the best, both for the public and ourselves; because though for the moment it may cost us a little more to do this or that, we think, in the end, it pays the best.

2567. I thought that there was a Parliamentary obligation, independently of the compensation to the companies?—Yes, there is a Parliamentary obligation.

2568. You stated that you deal very largely with working men's trains, or with third-class trains, on your railway, and you stated that you had difficulty in developing the suburban residences, from the fact that you would have to stop at every station under Parliamentary obligations?—Yes, I say that the difficulty would exist when we are asked to provide another station, as we are frequently asked to do. We say: Why should you introduce another stoppage into the suburban trains, which are already slow.

2569. That is to say, that you would have to stop to earn the exemption?—Yes.

2570. What security would those working men have that you would stop, supposing that you were released from any kind of obligation; do you think that it would be your interest to stop at those stations, independently of any kind of Parliamentary restriction?—Yes; we should then divide the working of the trains, so that every train should not stop at every station, but that every station would be well provided for by alternate trains. We could then run many more trains, because they would not occupy the road for so long a time.

2571. You adopted, I think, the principle of exempting third-class passengers, but I do not think you stated what would be the principle of your exemption; on what ground would you exempt those passengers?—Adopting and fulfilling the

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Mr. *Arthur Peel*—continued.

the original requirements of Parliament, which said that there should be a means of travelling at the rate of 1 *d.* per mile over our railway, and that if we did that we should be released from the 1 *d.* a mile. I say, keep that on; insist that we shall charge 1 *d.* per mile, and then abandon the duty, whether we stop at every station or not.

2572. Would not your own interest induce you to stop at every station where you charged 1 *d.* per mile?—Not invariably, because it is not indespensable to stop every train at every station; there are many cases, especially in sparse districts in Lincolnshire, where a train will earn, say, 3 *s.* Of that 3 *s.*, three-fourths would be third-class passengers. Unless we stopped that train at every station you see what a very heavy proportion of duty we should have to pay upon the third-class passengers; and if you deduct from that 2 *s.* 6 *d.* for working, you would see that the tax falls very heavily on the remaining 6 *d.*, which was the only profit that we could get out of it.

Mr. *Knatchbull-Hugessen.*

2573. There are a very great number of railway shareholders, are there not?—We have, I think, 11,000, and I do not know how many more there are besides; there must be many thousands in the country.

2574. This tax, I suppose, goes in diminution of the sum which would be applicable to paying those shareholders dividends?—Certainly.

2575. If the railway companies, so to speak, actually pay this tax, as has been alleged, is it not fairer to say not that this tax is paid by great companies and great corporations, as it is the fashion to say, but that it is, in fact, paid by a limited, but still a very large portion of the public?—Of course it must be; the money comes back to them; we cannot keep it.

Mr. *Ashley.*

2576. Taking the fiscal question, it seems to me, from the figures which you have given us, that the receipts of the Government from your railway would be reduced by just one-half, calculating it at 5 per cent.?—The tax would remain the same; we pay 25,000 *l.* on the first and second class, and 11,500 *l.* on the third class; and if you abolished the third class the 25,000 *l.* would remain.

2577. Then it would only reduce it by one-third?—By one-third.

Mr. *Leighton.*

2578. I should like you to state your reasons why you think that third-class passengers should be exempt from taxation?—Simply because Parliament has thought that the poorer classes of travellers who cannot afford to pay more than 1 *d.* per mile should be exempt, that there should be no additional charge made upon them, and that everybody if he chose, whether peer or peasant, should be able to travel at 1 *d.* a mile.

2579. You put it upon the principle that Parliament has done this and has done that, and therefore that it should continue?—Yes, that is within the lines of previous legislation.

2580. The circumstances of those working persons have greatly changed, have they not, within the last 30 years?—Yes.

2581. Have not their wages increased 50 per cent.?—Yes.

2582. And the railway fares have been lowered very much since the first, have they not?—Yes.

Mr. *Leighton*—continued.

2583. Therefore they are very much better off with regard to locomotion than they were 30 years ago?—No doubt; but of course the necessity for locomotion is infinitely greater than it was 25 or 30 years ago.

2584. Surrounding circumstances having changed, you still think that the Parliamentary precedent should continue?—That is rather more a question for a statesman than for me; but if Parliament were to say, "It is no longer for us to protect the working man; the profits that the railways can make will ensure their carrying this man at 1 *d.* or 1½ *d.*, and therefore we will say nothing about it;" then you would leave us at liberty to add the tax if we like.

2585. Do you think that the working man still requires the protection of Parliament?—No, I think that he is well able to take care of himself.

2586. With regard to the income tax, if the company pays it, it is an income tax, is it not, upon the company?—Yes, it is an income tax upon the company, but of course it is deducted from their private dividends in some shape or other.

2587. But if the passenger pays it, it becomes a tax upon locomotion?—Certainly, or to put it in another form, anything that reduces the capacity of the company to decrease its fares, or to increase its accommodation, is therefore a tax upon locomotion.

2588. It is not a tax upon locomotion in the same direct way, when the company pay it?—No.

Earl *Percy.*

2589. My Right honourable friend, the Member for Sandwich, I think asked you whether this tax did not go to diminish the profits of the shareholders; in what way does it do that?—Because it reduces the net sum that we have divisible amongst them. Supposing that we have earned 100,000 *l.*, and that we have to pay 5,000 *l.* of it to the Government for permission to carry on our work, only 95,000 *l.* goes to the proprietors.

2590. Then if this tax was remitted you would not lower your present fares, but you would put the money which you now pay in the form of tax into the pockets of the shareholders?—Yes, because, strictly, we ought to have done it before, and but for our reliance on your sense of justice, we should have done it. We have borne the burden, but because we have borne the burden you must not say that, therefore, the public are not going to get anything out of us; they have got it.

2591. Therefore you do not support what we have been told by other witnesses, viz., that if this tax was removed it would cheapen the fares?—If they had added the tax it would be incumbent upon them to take it off, because it is added only on the ground of the imposition by Parliament, but we have denied ourselves the pleasure of adding it.

Sir *Harcourt Johnstone.*

2592. I suppose that as a matter of equity you do not see why the railway proprietors should pay a larger income tax than the Chartered Gas Company or the Chelsea Waterworks Company?—No, I really do not; but I should like to

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Mr. *Oakley*

16 May 1876.

Sir *Harcourt Johnstone*—continued.

be treated on the same footing as gas companies are treated; they are infinitely more monopolists than railway companies are, because you get a gas pipe into a man's house, and that is the only gas that he can use, whereas a man can travel by boat or omnibus, or railway, whichever he likes.

2593. And yet the gas shareholder has the invidious distinction of having to pay only 3 *d.* income tax, whereas a railway proprietor has to pay 2 *s.* 3 *d.*?—Yes. I hope that the evidence will disabuse the public mind as to our position, and as to the injustice that we have been suffering under.

2594. I conclude that if a statute is obtained on the consideration of railways being a monopoly, it is the duty of Parliament to confirm that monopoly and make it absolute?—I do not know how they could make that monopoly absolute.

2595. Could they not do so by not allowing competition?—I do not think that a suggestion of that sort would go down at all, that our monopoly should be confirmed.

2596. To make it really equitable as between the parties, either the gas companies and the water companies ought to pay an additional income tax, or the railway companies ought to be confirmed in their monopoly, ought they not?—I think that railway companies confer so enormous a benefit upon the kingdom, far beyond any benefit which the proprietors themselves have got, that the Government instead of taxing them should afford them every facility to increase the accommodation to the public, and to reduce their charges.

2597. In fact this tax is a relic of the old-fashioned and barbarous system of prohibitive duties upon the public convenience from which other companies are exempt, and which is only kept on because it is very convenient to the Chancellor of the Exchequer?—It is so easily collected that it is a very great temptation for any Chancellor of the Exchequer to keep it on.

2598. Do you think that it is in principle quite indefensible?—I think so; we have a very high authority, indeed, on that subject in the old Debates. It was admitted when it was proposed to he an indefensible tax, a tax on locomotion; but it was proposed first of all to put railways on an equality with the then existing carriers, and also for fiscal reasons.

2599. Now it is alleged that it is really a tax upon a monopoly; do you concur in that view?—I think that that is a common way of describing a railway; but it is quite unjustifiable. It is a monopoly in one sense; that nobody can run on the road which we have constructed but ourselves; but it is limited in this way, that we are bound by Act of Parliament not to charge more than a certain amount; we are bound to do certain things in the way of running trains for the accommodation of the poorer classes, and then we are taxed for doing it.

2600. I suppose that nobody else's gas and nobody else's water can run in your gas and water pipes?—No.

Mr. *Bruce.*

2601. You say that nobody can run upon the line which you have constructed except yourselves; it is not a very common practice now for Parliament to give one railway company running

Mr. *Bruce*—continued.

powers and another?—Quite so; but I am speaking of railways in their corporate sense, and not as individual undertakings.

2602. Parliament has removed even that monopoly, if it ever were one?—Yes, it is the common law that anybody can run over a railway upon payment of tolls, but they practically cannot do so, because of the danger and inconvenience attending it.

2603. It is a very common practice, is it not, for railway companies to obtain powers to run over other lines on payment of certain modified tolls?—It is the daily practice.

2604. Before the late judgment in the North London case, the majority of your third-class traffic was held to be exempt, was it not?—All the third-class traffic was exempt, whether carried in express trains or not.

2605. So that the suggestion which was made by Mr. Rickman here that the third class under 1 *d.* a mile, or any fare not above 1 *d.* a mile, should be exempt from duty, whether the trains stopped or not, would in fact, be reverting pretty much to the state of affairs which existed before that judgment was given?—Yes, it would be removing what we think the additional injustice imposed upon us by that judgment.

2606. When you made your railway and organised your present system of traffic, you were living under that regime, were you not?—Yes.

2607. And you expected, and had reason to expect, that that state of things would continue?—We had no reason to doubt its continuance.

2608. And that was one of the elements that entered into your calculations in making your line and in organising your service, was it not?—Certainly, in organising the service; I cannot go so far back as the making of the line.

2609. So that, so far as that proposal goes, it would be merely placing you in the position in which you were when you constructed your line, and in which you had reason to think you would be continued?—Yes, and in which we had lived up to 1874.

2610. There has been a great deal of discussion as to whether this is a tax upon locomotion or not; it is, perhaps, more an interesting question of speculation than of practical importance; but if the tax is paid by the shareholders it deprives them to that extent of the funds which they might otherwise have to carry out their undertaking, does it not?—No doubt.

2611. And it places them, does it not, in a worse position for affording all the accommodation to the public which they might wish to afford?—That is the view that I have expressed to the honourable Member for Shropshire, that when you deduct it from the shareholders you practically, to that extent, cripple the company's powers either of reducing the fares, or of improving the accommodation.

2612. And independently of that, the removal of the tax would give you distinct and immediate facilities for improving your service?—No doubt it would leave us untrammelled in our working, and it would add very much to the convenience of the public.

Mr. Serjeant *Spinks.*

2613. We have had some evidence from the War Office respecting the conveyance of troops; have you read the evidence that has been given upon

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Mr. Serjeant *Spinks*—continued.

upon that point?—I was here, and I heard Mr. Haliburton give it.

2614. I do not want to take you all through that evidence, but supposing that the railway passenger duty were reduced, or considerably modified, would you be prepared to enter into arrangements with the Government with respect to the conveyance of troops on reasonable terms?—We should be very happy to enter into any arrangements of the sort; but I may explain that Mr. Haliburton's evidence is not quite correct. The orders given with respect to the carriage of troops are these: That where the ordinary fare is less than the soldier's fare, the ordinary fare is to be charged, but where the soldier's fare is less than the ordinary fare, then he is to be carried at the Parliamentary rate.

2615. That may be the case on your railway, but I think it is not so on many others?—I think it is almost universal. I have looked at the Clearing House statements with reference to Mr. Haliburton's evidence.

Mr. Serjeant *Spinks*—continued.

Mr. *Oakley.*

16 May 1876.

2616. Is it so between Manchester and Liverpool?—I do not know; the line between Manchester and Liverpool is not my railway.

2617. However that might be, have your directors ever taken that subject into consideration at all?—No, the Great Northern Company have not been approached by the War Office upon the subject; but I have heard it discussed at meetings of managers, and I have heard that some proposal would be likely to come to us. We should, of course, be quite ready to consider it, and we should be only too glad to afford the Government every facility on reasonable terms.

2618. Would your willinguess to meet them also apply to the case of the movement of stores?—I do not think that they will get much reduction there, because the rates are already low, and the Government stores are awkward things to move; but still we are quite willing to deal with them, and I think that we should have no difficulty in coming to a satisfactory arrangement.

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Friday, 19th May 1876.

MEMBERS PRESENT:

Mr. Ashley.	Mr. Leighton.
Mr. Bruce.	Mr. Macdonald.
Mr. James Corry.	Mr. M'Lagan.
Viscount Crichton.	Mr. Arthur Peel.
Lord Claud Hamilton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Rodwell.
Mr. Knatchbull-Hugessen.	Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. THOMAS HENRY FARRER, re-called; and further Examined.

Mr. *Farrer.*

19 May 1876.

Mr. *Arthur Peel.*

2619. I THINK you wish to make some explanation in reference to the evidence of Mr. Mansel at Question 2423, as to the Board of Trade approval of the North London cheap trains; can you explain the nature of that approval?—First of all, I will put in three forms of approval: one, the form of approval which the Board of Trade gave before any of these questions arose; secondly, the form of qualified approval which they gave in 1870, after the questions with the Inland Revenue had arisen; and, lastly, the form of approval which they now give since the decision of the Court of Exchequer.

2620. What will those different forms of approval show?—The first of them is simply in these words: "I am directed by the Lords of the Committee of Privy Council for Trade to convey to you their Lordships' approval of the hours of the arrival and departure of the cheap trains upon the North London Railway, as shown in the time tables submitted by you in triplicate, one copy of which is returned herewith." In the qualified approval given after 1870, these words were added: "I am to add that the Board of Trade understand that proceedings are being taken by the Board of Inland Revenue in several cases to obtain a judicial decision upon questions that have arisen with regard to exemption from passenger duty upon fares derived from certain trains, which, in the opinion of that Board, are not cheap trains in respect whereof the exemption from duty can be allowed, and that the approval of the Board of Trade is granted in this case without prejudice to any questions which the Board of Inland Revenue may raise in the matter." Then the third form of approval, which was given after the Exchequer decision, after referring to the possibility of an appeal, contains this statement: "I am accordingly to state that the approval of the Board of Trade is granted in this case to those trains only which stop at every intermediate ordinary passenger station, and which convey some class of passengers to and from every station at fares not exceeding the Parliamentary rate, and which comply in other respects with the requirements of the Cheap Train Acts." Then appended to that is a copy of the decree of the Court of Exchequer. As

Mr. *Arthur Peel*—continued.

regards the question between Mr. Mansel and myself, I never for one moment intended to imply that the North London Company intentionally misled the Board of Trade. All that I said, and what I adhere to is, that the Board of Trade were misled. Mr. Fane, the very careful officer of the Board of Trade, who then had the dealing with this case, was misled by the original forms sent in by the North London Company into approving trains which did not carry passengers at the cheap rate between all the stations that were marked. I think, looking at the form, that I should myself have been misled too; but I am quite sure that the Company never intended to mislead. Upon a new form being sent in, Mr. Fane discovered the mistake, and upon that the correspondence with the Inland Revenue commenced.

2621. I see that Mr. Mansel states, in answer to Question 2423, "that the form which was originally given for the application for remission showed clearly the points between which the third class fares were or were not charged"?—I have one of those forms, and I cannot see that it does so; I had nothing to do with the matter myself then, but I see, from a memorandum of Mr. Fane's, which formed the basis of a letter to the Board of Inland Revenue, that he admitted that he had been mistaken as to the meaning of that form.

2622. You divided your evidence into two heads, that of the exemption, and that of the tax; will you very shortly touch upon those two points; and first, as to the object of the exemption, that, as I take it, was to give an inducement to the company to run cheap trains?—The object of the exemption was rather, I should say, to give the company a consideration for the obligation that was laid upon them to run one cheap train.

2623. Do you think that the obligations on the companies to run these cheap trains is any longer necessary?—I think not, because all the evidence shows that they run for their own sakes a great many more than Parliament has ever required, both ordinary cheap trains for third class passengers, and also workmen's trains.

2624. I should like to refer you, with reference to

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Mr. *Arthur Peel*—continued.

to that point, to the evidence of Mr. Forbes, in which he seems to think that it is a fallacious statement that it has been the interest of the companies to run those cheap trains?—That is with regard to the working men's trains in and out of London, which is a special point, and rests upon specific legislation entirely different from and independent of the Act of Parliament which relates to the ordinary cheap trains. Perhaps I had better mention what that legislation was. It stands upon its own ground. When the railway companies began to run their lines into the heart of London, it was found that they displaced a great many of the habitations of the working classes, and consequently it was supposed that it would make it more difficult and more expensive for the working classes to obtain lodgings. In order to compensate for that hardship, clauses were introduced into the special Acts of those companies, or several of them, requiring them to run workmen's trains morning and evening at particular times, suitable to the workmen, and at low fares, in and out of London, so that the workmen might be able to live at a distance from their work and come in and out. In return for that obligation, and by way of compensation for that obligation, a specific consideration was given to the companies, namely, that in case of accident to anybody travelling by those workmen's trains, the compensation for the loss of life or injury to the person should not exceed 100 *l.* The companies were not to be liable for more than 100 *l.* under Lord Campbell's Act, and there was to be a power of referring any question of compensation of that description to an arbitrator appointed by the Board of Trade. Clauses of that nature have been inserted in the London Central Railway Act, in the East London Railway Act, in the London and Blackwall Railway Act, in the Metropolitan District Railway Act, in the Metropolitan and St. John's Wood Railway Act, in the Great Eastern Railway Act, in the Metropolitan Railway Act, in the London, Chatham, and Dover Railway Act, in the Metropolitan Inner Circle Act, 1874, in the London, Brighton, and South Coast Railway Act, 1875, and, I believe also, in a Bill of the Manchester, Sheffield, and Lincolnshire Company, of 1876.

2625. Do you think it necessary to secure, by Parliamentary enactment, the running of cheap trains for the benefit of the third class passengers?—No; I would divide the answer into two portions. First of all, with regard to cheap trains generally, and with regard to the policy of the Cheap Trains Act, I have put in tables showing how very much more the third class passenger traffic has increased, and how much more the companies now do for that species of traffic than Parliament ever thought of requiring them to do. Then, secondly, as regards the workmen's trains in and out of London, the evidence taken before this Committee shows that, in that case also, the companies do a great deal more than the Legisture has required from them.

2626. But this answer of Mr. Forbes would apply, I take it, to both those classes of trains, to Parliamentary cheap trains, and to cheap trains under the Cheap Trains Act, where he says: "One desires to speak with the greatest respect, of course, in these matters, but I think that the railway companies are not at all open to what I hear suggested; that is to say, that they have gone on extending accommodation, and running

Mr. *Arthur Peel*—continued.

more workmen's trains, and giving more facilities with their eyes open under this law, and that they have done that because it has been their absolute interest. I can only say that, so far as I am concerned, that is quite a fallacious statement." If that is so, and it is not the interest of the company to run those cheap trains, I want to know how third class passengers will be situated when there is no kind of restriction on the companies to run cheap trains, supposing that we arrive at that point?—Are you speaking of third class traffic generally, or of the workmen's trains in and out of London, because I should like to keep the two separate?

2627. I think that that applies to both?—My answer to Mr. Forbes' statement is that it is the company's business and their duty to do that which is most for the interest of their shareholders; and that what they have done, and most properly done, in developing the third class traffic, shows that it is, fortunately, their interest to develope that traffic, independently of any Parliamentary obligation. Then, as regards workmen's trains in and out of London, I was struck by what Mr. Forbes said, that they certainly run more trains than are needed, but that they would not run them at the early hours required for the workmen's trains unless they had been obliged to keep their stations open and their staff employed at those hours for one train; but that after opening them for one train, they found it better to run more than one train. It is a very remarkable thing that as regards almost every one of these railways, in the evidence of Mr. Forbes, of Mr. Parkes representing the Great Eastern Railway Company, and of Mr. Fenton representing the Metropolitan Company, we have statements that they run many more workmen's trains than the Act of Parliament requires, and that they run them for the convenience of the workmen at times when the Act of Parliament does not require it. But I was struck still more by the extremely fair evidence of Mr. Oakley, on the part of the Great Northern Railway Company, on the last day of the meeting of the Committee, in which he said that on that line, although they have no enactment requiring them to run workmen's trains, they run two or three workmen's trains a day. Therefore, I think that there is distinct evidence that the companies, acting for their own interests, will run workmen's trains without any special Parliamentary obligation. When there was a proposal, I think in 1872, in the time of the Railway Amalgamation Committee, to make the specific enactments with regard to workmen's trains more general, there was a deputation to the Board of Trade upon the subject from some of the workmen, in which they strongly objected to being put upon any special terms as regards compensation. It was rather a sentimental objection than a pecuniary one, but they did not like this sort of special legislation with regard to the limitation of the compensation in case of loss of life or injury.

2628. Supposing that the railway companies were to come to you and make use of this argument: "When the tax was imposed, Parliament granted the exemptions on the ground that we were to do a minimum in the interest of the third class passengers; is it fair now to abolish those exemptions when we are doing very much more than was ever required by Parliament, and to make us feel the whole weight of the tax;"

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Mr. *Farrer.*

19 May 1876.

Mr. *Arthur Peel*—continued.

what would be your answer to that?—My answer to that is that Parliament enacted that law under an entire misapprehension as to that which has turned out to be the real state of the case; Parliament enacted that law under the belief that it would not be for the interest of the companies to run those trains; it has turned out to be very much to the interest of the companies to run those trains, and *cessante ratione legis cessat etiam lex.*

2929. Therefore you think that the exemptions might be taken away both in the interest of the public, and without militating against the interest of the companies?—The exemption coupled with the obligation for which the exemption was a consideration.

2630. So much for the exemptions. Now, coming to the tax, we have had several suggestions before us, and I should like to ask you, very shortly, your opinion upon some of the plans that have been mooted before this Committee; one proposal has been that there should be 3 per cent. imposed upon the gross passenger receipts; have you formed any opinion as to whether such a policy would act fairly or unfairly as between the different companies?—It is impossible to deny that it would operate with regard to the different companies, so as to leave them in a different relative position from that in which they are now; and I have before me some of the cases in which it would make a considerable alteration. The figures are, I believe, substantially correct, but some of our returns are not complete for 1875, and so we have been obliged to take some for 1874, and some for 1875. The Caledonian Railway now pays 19,296 *l.*, and with the duty of 3 per cent., it would pay 24,196 *l.*, an increase of 4,900 *l.* The Glasgow and South Western Railway now pays 6,304 *l.*, and with the duty of 3 per cent., it would pay 8,590 *l.*, an increase of 2,286 *l.* The Lancashire and Yorkshire Railway Company now pays 37,797 *l.*, and with the duty of 3 per cent., it would pay 39,264 *l.*, an increase of 1,467 *l.* The Manchester, Sheffield, and Lincolnshire Railway now pays 6,236 *l.*, and with the duty of 3 per cent., it would pay 11,099 *l.*, an increase of 4,863 *l.* The Midland Railway now pays 41,219 *l.*, and with the duty of 3 per cent., it would pay 48,525 *l.*, an increase of 7,036 *l.* The Metropolitan Railway now pays 11,990 *l.*, and with the duty of 3 per cent., it would pay 12,979 *l.*, an increase of 989 *l.* The North British Railway now pays 19,319 *l.*, and with the duty of 3 per cent., it would pay 21,310 *l.*, an increase of 1,991 *l.* The North Eastern Railway which now pays 39,710 *l.*, would, with a duty of 3 per cent., pay 47,018 *l.*, being an increase of 7,308 *l.* In all those cases there would be a considerable increase of duty paid by the companies.

Mr. *Leighton.*

2631. Is this a calculation upon gross receipts, or upon passenger receipts only?—This is a calculation of the change which would be made if the present passenger duty were repealed, and in lieu of it there were levied a duty of 3 per cent. upon the gross passenger receipts without the exemption.

Chairman.

2632. That list does not include all the railways, does it?—No, but the tables which I have put in do. In my answer I have taken out from the tables those in which the increase would

Chairman—continued.

be greatest, and I am now coming to a list of those which would gain by the change.

2633. Are there any cases in which there would be a decrease?—Yes.

2634. What are those cases?—The following are some of them: the Great Western Railway now pays 91,965 *l.* and would, if the duty were 3 per cent., pay 66,204 *l.*, being a bonus to the Great Western Company of 25,761 *l.* The London, Brighton, and South Coast Railway now pays 46,884 *l.*, and it would pay with the duty at 3 per cent. 36,058 *l.*, being a bonus to that company of 10,826 *l.* The London, Chatham, and Dover Railway now pays 26,994 *l.*, and it would pay with the duty at 3 per cent. 18,940 *l.*, being a bonus of 8,054 *l.* The London and North Western Railway now pays 143,788 *l.*, and with the duty at 3 per cent. it would pay 93,944 *l.*, being a bonus to the company of 49,844 *l.* It is to be remembered, in respect of that very large sum that goes to the London and North Western Company, that some of their fares, at any rate, are at a maximum, and that it is possible that a considerable proportion of the bonus would in that case go to the railway passengers. The Metropolitan District Railway now pays 12,554 *l.*, and with the duty at 3 per cent. it would pay 7,811 *l.*, being a bonus of 4,743 *l.* The South Eastern Railway now pays 48,565 *l.*, and with the duty at 3 per cent. it would pay 37,585 *l.*, being a bonus of 10,980 *l.* I have not the whole table before me, but I can remember that the aggregate result is just about the same; the Government would get just about as much from the 3 per cent. duty as they get from the present duty.

Mr. *Arthur Peel.*

2635. But it would entail a very considerable dislocation, so to speak, of the contributions of the several companies?—It would.

2636. It would be a great financial disturbance, would it not?—It would be a considerable disturbance. In the tables that I have put in, all the railways are given. This plan was considered in 1870, amongst others, and the differences that would arise between the different companies were a great obstacle to the Government proposing to enforce any such scheme against the companies.

2637. Has your attention been directed to another suggestion which was made in this room, I think by the honourable Member for the Tower Hamlets, as to a sort of quit-rent, or something in the nature of a quit-rent, being levied upon the companies in lieu of the present arrangement? — It would, in fact, become a quit-rent, or a rent-charge, instead of a tax; the objections to that are manifold; it would deprive the Chancellor of the Exchequer of any probable increase in this tax; it would on future occasions, when the circumstances and conditions of the different companies had relatively altered, appear unfair; it would become a tax in the nature of a land tax, and no doubt in the course of time it would be redeemed; it would entirely alter the character of the thing; it would no longer be a tax, but a rent-charge.

2638. But it would have this advantage, would would it not, over the one which we have been lately discussing, that is to say, that it would take the existing state of things and perpetuate it?—It would stereotype, not the existing state of things, but the existing actual charges; because the

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Mr. *Arthur Peel*—continued.

the existing state of things is an obligation upon the companies to pay so much per cent. upon their receipts.

2639. Do you maintain that the existing state of things operates unfairly as between company and company?—No; I think the objection to the present state of things arises entirely out of the exemption, and the way in which the exemption operates, of which we have heard so much.

2640. There was another proposition made, viz., that there should be an exemption of all fares at 1 *d.* a mile and under; what would be your view as to that?—I have already stated that I am unable to see any reason for that; if the fare at and under 1 *d.* a mile is sufficiently profitable for the companies to carry it on for their own interest, I can see no reason why you are to exempt that particular species of traffic from taxation, and to make a difference in point of taxation between the man who pays 2 *d.* a mile and the man who pays 1 *d.* a mile.

2641. That would apply, I suppose, to the exemption of all fares at a shilling a mile and under?—That seems to me still more indefensible, because I am quite unable to see on what principle the company which carries a man at a cheap fare for a short distance should be treated differently from the company which carries a man at a cheap fare for a long distance.

2642. Lastly, we come to the great question upon which you were examined on the last occasion of the meeting of the Committee, that is to say, as to who would benefit if the tax was taken off altogether; I understood you, in your evidence, to maintain that if the tax was taken off it would not go into the pockets of the public, and that the public would not benefit by it, but that a certain class of the shareholders of the railway companies would be the only parties who would get any benefit; have I correctly stated your view?—That, generally speaking, was my view; I should like to state my reasons for it, and if the Committee will allow me, I will read them, for it is a subtle point, and requires to be stated with accuracy. "The questions, who pays the duty now, and who would gain by the remission, if it were remitted, are of first-rate importance to the decision of this subject. If the travelling public were to get the benefit of the remission of the duty the case for the remission would be much stronger than if it were to operate as a pure gift to the holders of ordinary railway shares; my position is, that, excepting in one case, which I will specify, the duty is now paid by the holders of ordinary railway shares and stock, and that the remission of the duty would be simply a gift by the public taxpayers to this body of persons. The exceptional case in which I believe that the passenger now pays the duty, and would, if it were remitted, be relieved from it, is the case where there is a monopoly, where the fares are at the Parliamentary maximum, and where it is the interest of the company to maintain them at that maximum, and where the duty is now charged under special Acts, in addition to the fare. My reasons for this opinion are as follows: If the companies have not a monopoly, then (as is admitted by their advocates) the fares will be determined by competition, and not by the outgoings of the company. In this case, however, it must be admitted on the other side, that the removal of an outgoing might enable the

Mr. *Arthur Peel*—continued.

Mr. *Farrer.*

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company to lower its charges, and thus to reduce the price charged both by itself and by its competitors. I believe, however, that there is no such case of pure competition, except perhaps in the case of some of the metropolitan tramways (a doubtful exception), and in the case of river steamers in the summer months. As regards the omnibuses, other than the tramway omnibuses, it has been stated here (Fenton, 1172) that the recent reductions of duties did not induce them to reduce their fares on their through traffic, in which alone, if at all, they compete with the railways; and there is therefore no reason for supposing that omnibus competition would induce the railway companies, if the duty were remitted, to reduce their fares. As regards river steamers, competition has, according to the evidence, already made the railway fares lower than they are elsewhere, and it would be curious if the effect of a remission of duty were simply to reduce those few particular railway fares which are now at the lowest rate. At any rate, competition and its attendant effects are confined to a very few and exceptional cases. We may, therefore, I think, put competition aside, and treat the railways as if they enjoyed a monopoly; assuming this to be the case, what is the present incidence of the duty, and what would be the effect of remission? I will assume, in the first instance, that the fares are not at their Parliamentary maximum, and I will assume also that the company have so determined their fares as to make it appear that they charge a given fare *plus* the duty; say, for instance, that the fare from London to Ipswich is now called 20 *s.*, plus 1 *s.* for duty, and is so described on the ticket. Then, suppose that the duty is remitted, or, in other words, that the company's outgoings are diminished in the proportion of 5 per cent. upon every fare: it is clear that if they make no alteration in their fares, but still continue to charge 21 *s.* as before, they will be able to add the one shilling to the dividend of the ordinary shareholder; if, for example, 5 *s.* out of the 21 *s.*, has been appropriated to that dividend, they will be able, by maintaining their fares at 21 *s.*, to appropriate 6 *s.* to it, leaving the traffic just as it was. If, however, instead of adding the duty to the dividend, they reduce the fare by one shilling, making it 20 *s.* instead of 21 *s.*, the ordinary shareholder would not, of course, get the extra shilling; nor would he be recouped for the loss of this shilling, unless the increase of traffic, arising from the reduction of the fare by 5 per cent., were so great as to produce, after allowing for working expenses, a clear additional profit equivalent to the shilling. This, in the case of so small a reduction of fares as 5 per cent., is in the highest degree improbable. Consequently, if the railway companies attend to their own interests, as it is presumed they do, and as they ought to do, they will not give the shilling to the public in the shape of remission of fares, but will add it to the dividend of the ordinary shareholders. In fact, if they do their duty by their shareholders, they are now, in charging 21 *s.*, charging that sum which will bring the greatest amount of profit; and the abolition of an outgoing of 5 per cent. will make no difference, or next to none, in the calculations which have led them to fix the amount at 21 *s.* Further, it is to be remembered that the additional profit will go entirely to the holder of

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Mr. *Farrer.*

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Mr. *Arthur Peel*—continued.

ordinary shares and stocks (I except the special case, in which there is no dividend upon the ordinary shares and stocks), and will consequently be much greater in its proportionate amount than if it were spread over the loan, preference and ordinary share capital of the companies. I have put in a Table showing, as far as the returns for 1875 enable us to do so, what the effect upon the ordinary capital and dividend of each company would be. Taking 1874, for which the returns are complete, the aggregate ordinary capital is 207,029,049 *l.*; the dividend upon that, 9,938,327 *l.*, or 4 *l.* 16 *s.* per cent.; and the amount of passenger duty was 548,817 *l.*, or 5·5 per cent. of that dividend. If, then, I am right, the effect of remitting the duty would simply be to increase the dividends upon ordinary railway stock by about 5·5 per cent, or one-eighteenth. Some allowance must, however, be made for the case which I have stated to be an exception, viz., the case where the company, being and remaining at its maximum fare, charges the duty in addition. What the number and extent of those cases are I have no means of ascertaining, but I think that their importance is diminished by the consideration that the tendency of railway companies has been constantly to reduce their fares in their own interest."

2643. Supposing the railway fare from London to Birmingham to have been fixed at 21 *s.* when the incidents of the tax operated, and the tax to be remitted, why should not the railway companies take into account the remission of the tax, and give the public the benefit of the shilling?—Because if they can put the shilling into the pockets of their ordinary shareholders it is both their interest and their duty to do so.

2644. But you say that competition may be put aside, but that assumes a good deal; do you mean that all the companies would combine together to pocket the remission of the duty?—I do not look upon competition between the companies themselves for this purpose as affecting the question at all. I would refer, upon this point, to the very elaborate argument in the Report, to which I have before referred, of the Amalgamation Committee of 1872. I think it is quite clear that the competition between the companies as regards fares is confined to this: that they will all of them try to find that amount of fare which will bring them the greatest amount of net profit. If one company thinks that another company is charging more than will do that, no doubt the one company (as the Midland Company are now doing) will reduce their fares; but the moment that it has been ascertained by that species of competition what is the amount of fare which will produce the greatest amount of net profit, all the companies will agree upon the same fare, and that will be a practical monopoly.

2645. Then it is not your contention, as I understand, that the sum of the whole tax, if remitted, would be so small if it was spread over the whole that the consumers, otherwise the travelling public, would not get any appreciable advantage?—I doubt whether they would get any appreciable advantage. I do not know what the number of cases is where fares are now at their Parliamentary maximum, and where the companies would retain them at their maximum; but in those cases no doubt the remission of the duty would operate to the advantage of the passengers.

Chairman.

2646. Do you mean that the advantage would not be appreciable directly or indirectly, or do you mean in a pecuniary sense?—I do not deny that every diminution of outgoing has some tendency to enable the companies to do more for the public; but with a very small outgoing such as this is, where it is in their power to put it directly into their own pockets, and where the reduction of it from the fares would have no appreciable effect in increasing the traffic, the great probability is that they would put it into their own pockets entirely.

2647. There has been a good deal of evidence given by traffic managers with regard to that point; laying aside pecuniary considerations altogether, do you think that the railway companies, if this duty were remitted, would not give greater accommodation to the public, or that the public would not be gainers in that way?—I do not see how the remission of the duty should operate as any inducement to the railway companies to give facilities or accommodation to the public more strongly than their own interest now induces them to do, excepting always those special cases which I have mentioned, in which there is some sort of monopoly.

Mr. *Arthur Peel.*

2648. Looking at all the alternative schemes that we have had before us, are you prepared to express an opinion in favour of any one of them?—I should like to see the 3 per cent. scheme adopted; that is the one which I think is least open to objections, and which makes the least alteration in the existing state of things.

2649. As I think you said on the last occasion, you would like to see the jurisdiction over this question not divided between two departments, but centred in one?—I look upon it now as entirely a question of revenue and not as a question of public accommodation; and therefore I think that it ought to rest with the Revenue Department, and not with the Board of Trade.

Mr. *Macdonald.*

2650. In your last examination, you stated that the tax was put on, in the first instance, because of the existing taxes upon locomotion; from what do you derive that information?—I only gather it from the fact that there were taxes on other modes of locomotion at that time, and that in the earlier Acts, and in the speeches in Parliament, and in the Reports of Committees on the subject of this tax, the two were treated and spoken of together. Sir Robert Peel, for instance, spoke of the tax upon stage coaches as being very oppressive as compared with the analogous tax which was placed upon railways.

2651. Was there anything in that statement of Sir Robert Peel's which led you to infer that if there had been no tax on stage coaches there would not have been a tax imposed upon railways?—I think that I can hardly express any opinion upon that point.

Chairman.

2652. Did I correctly understand you to say that Sir Robert Peel drew a distinction between the tax upon stage coaches and the tax upon railways, as there was no analogy between the two?—No; what I said was that, so far as I remember his great Budget speech, what he said was that traffic was transferring itself from the stage coaches

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Chairman—continued.

coaches to the railways; that the stage coaches were much more heavily taxed in proportion than the railways; and that, therefore, he proposed to lower the duty upon stage coaches.

2653. Is that in Sir Robert Peel's speech?—I think so; that is my recollection of it.

Mr. *Macdonald.*

2654. Another alternative which has been suggested is, that it was a tax upon locomotives; is that your view?—I have not been rightly apprehended if that is supposed to be my view. What I said was, that it had been suggested that it would have been a better plan to make it a tax upon locomotives.

2655. In substitution for the present tax?—Yes; it has been suggested that that would have been a better plan, or might be a better plan even now, if practicable.

2656. You stated, I think, in your former evidence, that the object of the direction of the Board of Trade was to look after the third-class passengers, to see that they were protected; where is the direction to that effect, or is there any direction to that effect?—I gather that, from the preamble to the 6th section of 7 and 8 Vict. c. 85, and from the fact that this particular power is given to the Board of Trade by the Act of Parliament, that they are especially told that they may dispense with certain conditions on seeing that other conditions are adopted equally favourable to the cheap train passengers; and from the fact that it has always been one of the functions of the Board of Trade, or of the Railway Commission, to stand between the travelling public and the railway companies, where the interference of the Government has been thought desirable.

2657. Then the policy that has been adopted in that respect is rather a deduction from certain things than from any direction expressly given?—Yes, but I think that it is a tolerably clear inference from the language of the Act, and from the general functions of the Board of Trade.

2658. We have heard a good deal about these exemptions or remissions of passenger duty in the hands of the Board of Inland Revenue; do you think that such a power of remitting, or rebating, or handing back money, is in any way conducive to the interests of the State, or is right?—I think that it is most objectionable.

2659. Do you not think that it is, or that it may become, a fruitful source of immorality in public offices?—I think that is a most objectionable thing; I should be very sorry to believe that it has caused any immorality in public offices, but undoubtedly it is an extremely objectionable power for any public office to possess.

2660. Does the Boord of Trade concur in this exercise of power that seems to be particularly exercised by the Board of Inland Revenue?—I think that some misapprehension has been caused by the language of some of the railway witnesses before this Committee, where they have spoken as if there had been specific arrangements with the Board of Trade for the exemptions which have been condemned by the Court of Exchequer; that was not so. What happened was this. The Board of Trade were to approve of the hours of starting of the cheap trains, the companies sending their time-tables with the trains marked in respect of which they claimed exemption. The Board of Trade then sent the

Mr. *Macdonald*—continued.

form of approval which I have read to you: "We approve of the hours of starting of those trains." It turns out that they have given that approval in many cases in which the Act did not contemplate there being any such approval or any exemption; but there was never any specific arrangement between the Board of Trade and any railway company to the effect that they should have the benefit of these exemptions, except to this extent: the Board of Trade have the power of dispensing with certain conditions; it was always thought that one of the conditions which they had the power of dispensing with, was the condition that the trains should stop at every station, not the power of dispensing with the cheap fare where they did stop; and consequently they gave their approval, in this general form, to a great many trains which did not stop at every station. Except to that extent there was no specific arrangement by the Board of Trade with the companies for the exemption of any particular trains from duty.

2661. Then if the tax was remitted, or money from taxes was not called in by the Board of Inland Revenue, it was an act of theirs and theirs alone, and not that of the Board of Trade?—Clearly, I think so. It rests in this way: without the approval of the Board of Trade the companies could not claim the exemption; but if the Board of Trade gave their approval, and that approval was given to a train to which the Act did not allow the exemption, the approval of the Board of Trade did not prevent the Board of Inland Revenue from enforcing the tax.

2662. Then I understand from you that you think that such a principle, or plan, or condition, by which money may be remitted in this way is highly objectionable?—Very objectionable.

2663. You stated, I think, in your previous evidence that the approval of the Board of Trade was a farce?—At present, I think that it is, so far as the original object of this Act, viz., the accommodation to cheap train passengers, is concerned.

2664. Will you explain how it is a farce?—The object of the approval of the Board of Trade was to secure a certain amount of accommodation to the cheap train passengers. That accommodation is now given by the railway companies to an extent far beyond anything that Parliament ever contemplated, and consequently the approval of the Board of Trade is entirely unnecessary.

2665. Will not railway companies give every facility in their power to the travelling public if that facility will add a percentage to the return from the railways to the shareholders?—Certainly, I think so.

2666. Then you are not of opinion that if this tax were remitted it would have the slightest effect upon the public?—I think not, except in the special cases to which I have referred.

2667. You consider, in short, that the railway companies do make it their duty to give every facility in order to increase their revenue?—I think so.

2668. With reference to the time-tables of which we have heard, how many copies of time-tables are submitted to you monthly by the railway companies for your approval, and, after approval by you, how are they disposed of?—I could not answer the first part of your question without referring to the office records. More

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than one copy is sent to the Board of Trade; I think that they are sent in in triplicate. One copy is sent to the Board of Inland Revenue with the form of approval which I have read to you, one copy is returned to the companies, and one is kept at the Board of Trade.

2669. Do the companies or the Board of Trade mark the time tables which are submitted to you for approval?—The companies themselves mark the time tables.

2670. By that process do not the companies virtually become the persons who assess themselves?—Of course, it rests with the department of the Government concerned to see that the trains which the companies have marked comply with the provisions of the Act.

2671. Where is this done?—I have told you to what extent it is done or not done at the Board of Trade; but the Board of Trade do not consider themselves responsible for the collection of the duty, and the real duty of checking the claims is done at the Inland Revenue Department.

2672. How came it about that the trains which did not stop at all stations were afterwards passed as cheap trains without challenge?—Because the Board of Trade, until the recent decision, thought that one of the conditions which they were entitled to dispense with was the stoppage of the train at every station; they thought that if it appeared that the arrangements of the Company were on the whole more beneficial to the cheap train passengers, they had a right to dispense with the condition of stopping at every station.

2673. Can you inform the Committee whether as early as the year 1856, inconsistency in making the cheap train arrangements with the Companies, and the consequent approval of the Board of Trade, had not been brought under the notice of the Board of Trade by the Inland Revenue Department?—I have not looked into the correspondence of 1856, with which I had nothing personally to do; but I know that Captain Galton, who was then Secretary to the Railway Department of the Board of Trade, called attention in one of his published Reports to the great growth of excursion trains, and to the fact that they were exempt from duty.

2674. Will you kindly refer again to the matter, and tell the Committee when the first intimation was given to the Board of Trade?—I will. Since giving my evidence the first day I have looked further into the question, and find the following passage in the Report of the Railway Commissioners, presented to Parliament in the year 1850. The Railway Commissioners, it will be remembered, then performed the duties now performed by the Board of Trade:—"In the course of the summer the subject of excursion trains for the poorer classes of the population, was brought before the Commissioners, with a request that they would give their sanction to these trains, under the Act 7 & 8 Vict. c. 85, in order that the railway companies supplying this accommodation may be enabled to obtain a remission of the tax which is levied upon the receipts from passengers by railway, and to which remission they are entitled for all trains run for the conveyance of such passengers of the poorer classes, in compliance with the provisions of the above statute. The case was urged particularly with reference to the dense population in and around Manchester, to whom these trains are a great boon, affording them the means of taking

Mr. *Macdonald*—continued.

cheap excursions to the sea-side and elsewhere, and conducing both to their health and recreation; the Commissioners were most desirous to afford every facility to railway companies in establishing these trains, and the difficulties in the way of their doing so having been removed, they accordingly gave their sanction to such trains, and issued thereupon a circular letter bearing date on the 10th August last, in which they informed the various railway companies that, considering the great benefit arising from those trains to those classes for whose accommodation they are principally designed, the Commissioners have been anxious to meet the views of the railway companies, and upon receiving applications according to a form annexed thereto, containing the required information, should the conditions be such as to meet with their approval, intimation will be sent to the Board of Inland Revenue that such trains have been duly approved. The Commissioners having taken this large and comprehensive interpretation of the Act, it was urged upon them by some of the leading railway companies that they considered that they are entitled to exemption from the tax, not only on the fares of third-class passengers conveyed by such trains, but also on the fares of first and second-class passengers, if the fares charged for the superior classes do not exceed the rate of 1 *d.* a mile. It became, therefore, necessary for the Commissioners to be careful that the liberal construction put by them upon the provisions of the statute should not lead to consequences inconsistent with the objects or language of the Act. The class of persons whose benefit the Legislature had in view is described in the recital introductory to the 6th section of the Act, as 'the poorer class of travellers;' and in the enacting part, in more definite terms, as 'third-class passengers.' The Commissioners have considered, that in order to give due effect to these words of the Act, its provisions, including the 9th section relative to the exemption from duty, which is to be read in connection with and with reference to the 6th section, are to be taken as confined to the conveyance of third-class passengers. Accordingly, in approving the excursion trains, they have adopted the rule of approving them only as regards the third-class fares, and not as regards the first and second-class fares; although the latter, as well as the former, might be less than 1 *d.* a mile. The Commissioners, in taking this course, do not object to any improvement in the construction or fitting up of the third-class carriages calculated to afford greater convenience or comfort to the passengers; but it appears to them that the persons who are willing to pay a higher rate of fare for first or second-class accommodation, when they have the choice of third-class accommodation at a lower fare by the same train, cannot properly be considered as the *bonâ fide* 'poorer class' to which the Act has reference. The number of these trains which have been approved by the Commissioners since the issuing of their circular letter of the 10th August has amounted to 1,045." It will be observed that this passage bears out the statements I have made concerning the views entertained in early days by the Railway Commissioners or the Board of Trade concerning the functions imposed on them by the Cheap Trains Act.

2675. Is it correct that the Board of Trade granted a qualified approval of the cheap trains submitted

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Mr. *Macdonald*—continued.

submitted by the North London Company for the purposes of trial?—Yes, and for this reason; that unless the hour of starting was approved there could be no claim at all for the exemption; and therefore the Board of Trade settled with the Inland Revenue a form of approval which should not prejudice the case, but which should enable the railway company and the Inland Revenue Department to take the case into court without prejudice to either side.

2676. Have the North London Railway Company, since the decision of the Court of Exchequer, submitted their time tables for approval, as other railway companies have done?—Yes; and the approval of the Board of Trade has been given only in accordance with the decision of the Court of Exchequer.

2677. Did your department assist the North London Company in the preparation of their case?—Certainly not; the Board of Trade stood neutral.

2678. Did you not assist them in making up the time tables, and so forth, for the circumstances of the case?—Certainly not; the Board of Trade stood quite neutral in the matter. They were anxious to see the question decided, and they felt that if they had any duty in the matter at all it was to see it properly enforced, and to assist the Inland Revenue Department.

2679. Has the Board of Trade ever refused or suspended the approval for cheap trains or excursion trains which have been submitted to them by the railway companies?—Yes.

2680. Can you tell us when, and under what circumstances?—In the case which I mentioned the other day, where the Metropolitan Railway Company asked us to approve a train in which, in order to comply nominally with the Act, they issue two cheap tickets only between certain stations, and then issue no more.

2681. Can you state to the Committee whether any companies are now working the cheap train arrangement, to which the sanction of the Board of Trade has not been given, or as to which it is in suspense, and, if any, what are those companies?—I suppose your question is, whether any companies are claiming exemption without the approval of the Board of Trade; because we only interfere for the purpose of giving that approval which is necessary in order to claim the exemption. I am not aware that any companies claim the exemption without the approval of the Board of Trade, but the Inland Revenue department would be better able to tell you that.

2682. Can you inform the Committee what companies have the power, by their local Acts, to charge, in addition to the maximum fare, 5 per cent. for the Government duty; and whether it is not a fact that the London and North Western Company and the Great Western Company do in many cases charge more than 100 per cent. upon third class passengers travelling by trains approved of as cheap trains, and stopping at all stations?—I am unable to give you, with any completeness, a list of the companies. In fact my knowledge of the number of companies which have obtained clauses of that description is derived from the evidence which has been given to you already. I am not aware of any cases in which the companies are charging 100 per cent. more than their fare. I was very much astonished to see in Mr. Rickman's evidence a statement that in one case the company were charging,

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under the name of duty, 2 *d.* instead of 1 *d.*, and I did not understand the statement, it seemed to me so very strange, since the duty is only 5 per cent.

2683. But you examine those fares and time tables, do you not, at the Board of Trade, and approve of them?—We certainly have not approved of a claim for exemption where the fare was 2 *d.*

2684. But you examine the time tables, do you not?—Yes.

2685. Do you examine the fares as well?—Yes, when they are first submitted.

2686. Supposing that the London, Chatham, and Dover Company (I speak of it not invidiously but simply as an example,) were next month to raise the fares 200 per cent., would you simply certify those as they were last month, without examination?—Certainly not; it would be their duty to send them in; we should examine them, and we should not approve in that case if the addition of 100 per cent. made it more than 1 *d.* a mile.

2687. If they sent you their fares and tables without any intimation that they had made that additional charge, would you make any examination to see that they had not made an additional charge?—If they sent in no time table showing the additional charge, we should know nothing about it. We know nothing about their fares except what they send to us. They may send to us a table to-day (if such a thing were imaginable, though I think it is not) with a certain charge, and to morrow they might make double that charge to the public; but we should have no knowledge of that, and no means of checking it; it would rest with the Inland Revenue. It is to me an unimaginable case.

2668. Can you inform the Committee how many railways now that ought to run cheap trains from end to end do not do so?—I could not tell you that offhand, but I should think that probably none of the large companies do it; it would be an extremely inconvenient thing for the cheap train passengers.

2689. So that in that respect the law is violated?—In that respect, as I have already stated, I think that the companies get exemption where the Act does not allow it.

2690. Would the Board of Trade be likely to approve the cheap trains for workmen (as you have introduced the word) by weekly contract under existing circumstances?—I should think that the decision of the Court of Exchequer, which disallows the claim of exemption upon a monthly or a three-monthly season ticket, would equally prohibit it upon a weekly ticket.

2691. Returning to the question from which I started, may we take it as your opinion that powers vested in the head of any department to remit money or taxes must have a tendency, or at least give the colour of tendency, to immorality and vice in a public department?—I think that it is most objectionable unless the conditions upon which the remission is to be made are distinctly specified in the Act of Parliament.

2692. You consider that no tax should be placed upon such conditions, or that it should be put in the power of the head of a board or department to order any change from that which Parliament intended?—I think so.

Mr. *Knatchbull-Hugessen.*

2693. Did not the tendency of some of your answers to the questions about the time tables

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go to this; that the interference of a Government Department with the details of the management of a commercial or industrial undertaking is likely to be inconvenient both to the department and to the managers of the undertaking?—That is distinctly my opinion.

2694. You stated in the beginning of your evidence that you did not think it material to inquire into the origin of this tax; will you tell me exactly what you mean by that?—What I mean is, that the question of whether the tax should be remitted or not appears to me to be a question depending upon whether the tax is at present unjust, or whether it is injurious in its operation, and not upon the way in which it took its rise.

2695. But when you are considering the justice or injustice of a tax upon any body of men, is it not material to consider whether when it was first imposed there were or were not other people suffering from similar taxation who have since been relieved from the burden?—I do not say that it is not a circumstance which may be taken into consideration, but that it appears to me to be very immaterial compared with the question of what you are to do for this money if you take off this tax. The real question is, Who is to pay it? I assume that the Chancellor of the Exchequer cannot do without the money, and if he cannot do without it, who is to pay it? Is it right that you should make a present of this money to the railway shareholders and make the payers of the income tax pay it? That is the real question.

2696. But is not the question, What is the Chancellor of the Exchequer to do for the money if he abolishes this tax, an argument which, if valid, would apply to the proposed repeal of any tax whatever?—Any tax which has assumed the character of permanence as this tax has done.

2697. You stated, did you not, that it was pretty clear that, if there had not been a tax upon other modes of locomotion, this form of tax would not have been adopted for railways?—I gather that from the way in which the two things go together.

2698. Is it not possible and even natural that men may patiently bear a load of taxation which is shared by others, and yet become rather impatient under it when others are relieved, they themselves being still exposed to it?—It is extremely natural; and if I were a railway shareholder I dare say I should agitate for the repeal of the tax.

2699. Would not that impatience be likely to increase if, simultaneously with the relief afforded to the others, an unexpected decision in the law courts very much aggravated the burden of the tax?—I am not surprised at the decision in the law courts aggravating the impatience of the railway world.

2700. You agree that it is natural?—Quite so.

2701. Considering that this is the case with the railway companies, and that the law, as you have remarked, cannot be worked without the Government departments making holes in it, and that the imposition of the tax causes the interference which you have just allowed to be inconvenient; do you think that it is at all unreasonable on the part of the railway companies to wish this tax to be removed?—I think that it is very reasonable on the part of any body of men in the country, who are subject to a tax, to agitate for its removal, and get it removed if they can.

2702. In point of fact, you think, as you have already stated, that there are strong reasons for altering the present system in some way or other?—Certainly.

2703. You told us that out of all the proposals which have been submitted to us, you thought that the proposal of a tax of 3 per cent. upon the gross passenger traffic was the only proposal worth considering?—I think so.

2704. Have you a return which would show us the exact amount which that would bring compared with what was collected in 1875?—You must take these figures, as I have already stated, *cum grano*, because we have not all the returns complete for 1875. The duty actually paid in 1874 was 614,279 *l.*; the duty in 1874, if charged at 3 per cent. upon the gross passenger receipts, would have been 624,259 *l.*, making a difference of about 5,000 *l.*

2705. I think you told us that if the exemption of all traffic at or below 1 *d.* a mile were adopted, there would be a loss to the revenue of 167,000 *l.*; that is to say, the difference between 619,000 *l.* and 452,000 *l.*?—That is so, with this qualification: that what I spoke of was not traffic under 1 *d.* a mile, but third class passengers; because our returns do not give us the receipt from traffic under 1 *d.* a mile.

2706. Could you give us any idea whether that would represent a larger or a smaller sum?—I am afraid that I could not give you any information about it.

2707. Then, you cannot give us any statement as to the actual or approximate result of the exemption of traffic at and under 1 *d.* a mile?—I think that you may take it as an approximate loss of 167,000 *l.*, because there are some first and second class fares under 1 *d.* per mile, and there are some third class fares over 1 *d.* per mile.

2708. You would have to set against that some gain both to the department and to the companies in the way of the cessation of interference with management, and so on, would you not?—You would get rid, of course, of the evils arising from the present exemption; but the Inland Revenue Department will speak better as to the question whether there would not still be difficulties of account.

2709. Did the State, by loan or subsidy, assist in the construction of railways or in their subsequent development in this country?—Not at all.

2710. Has not the present system been created entirely by private enterprise and private capital?—Yes.

2711. I do not know whether it was you or some other witness who spoke of the State giving privileges to railway companies to construct railways; is that the view which you take of it?—Yes; I think that it was decidedly a privilege when a company obtained compulsory powers to take land and a practical monopoly of a given district.

2712. May I not take it in this way: that the State, or Parliament on behalf of the State, gave privileges to the railway companies for the construction of railways in order to encourage, tempt, and attract that private enterprise and private capital which would not have been forthcoming without such privileges?—I do not think that there is any objection to that statement.

2713. Then

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Mr. *Knatchbull-Hugessen*—continued.

2713. Then what the State did, in fact, was to let the private enterprise and the private capital undergo all the risk and undertake all the expense, and then afterwards to come down and claim a share of the profits, real or supposed, resulting from that enterprise and capital being so employed?—I am afraid that that is true of every tax.

2714. We will come to the incidence of the tax. You said, I think, that in one class of cases where the company are at their maximum rate and have a right to charge the duty in addition to the maximum rate, the passengers paid this tax, and that that was the only case?—That, I think, is the only case; and I add the qualification, where it is to the interest of the company to maintain the fare at the maximum rate.

2715. I suppose that, in that class of cases, you would call it directly a tax upon locomotion?—I call it a tax upon the passengers. I prefer putting it in the form of stating upon whom it falls to calling it a tax upon an abstract quality or substance.

2716. But still, if a man is taxed because he moves from one place to another, and upon the moving, you cannot get out of it, can you, that it is a tax upon his locomotion?—It is a tax upon his locomotion.

2717. Parliament has given to some, but not to all of the companies, the duty in addition to the fare?—Yes.

2718. Then the tax at present falls unequally upon different railways, does it not?—I do not quite see how that follows. It seems to me an admirable illustration of the defects of our system of Private Bill legislation that Parliament should have done anything of the kind; that five gentlemen sitting in a committee-room should be able to override the general law of the land; because that is what it comes to.

2719. But that has been done?—That has been done.

2720. And having been done, however much you and I may regret it, it affects the incidence of the tax, does it not?—In that particular case it does; but not, I think, where the fares are not at their maximum.

2721. You say that wherever there is competition the railway companies pay this tax?—That is what the advocates of the railway companies have said.

2722. Did you not yourself say it?—Yes, I quote them, and I agree with them.

2723. When you speak of railway companies, I presume you mean the holders of ordinary railway stock?—Quite so; those whose dividends fluctuate with the profits of the company.

2724. Practically the shareholders have so much less from which to obtain the dividend, which is the interest upon their invested capital?—Yes.

2725. You said that you saw no adequate reason why the payers of income tax and other tax payers should make a present of this duty to the railway shareholders; I suppose that you would agree that the many thousands of persons who are railway shareholders are a portion of the public?—Certainly.

2726. Do you see any reason why this particular portion of the public should make a present of this duty to the other taxpayers more than any other portion of the public who invest their money in other securities?—I do not think that they do make a present of it; they have bought

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their shares subject to this charge, and it is a simple addition to their property if you remit the tax.

2727. Even in that aspect a very great number of them had invested their money before this new decision, which has aggravated the tax so greatly, had come into force, had they not?—Quite so; but I think that those who did so, invested it also before it was at all known what large profits this third class passenger traffic would bring.

2728. I think that you illustrated the position of such shareholders, if I remember rightly, by placing them in the position of a man who bought an estate with a legal charge upon it, and found the charge afterwards larger than he had anticipated?—That, I said, is a legal aspect of the question.

2729. Would it not have been rather fairer to have said also that it was a case in which the holder of that legal charge had acquiesced for a long time in the payment of the lesser amount, and had given no warning whatever that the larger amount would be ever exacted?—I think that that is a very fair observation, and it occurred to me after I had made the previous answer.

2730. Does it not come to this: that if the passenger pays the duty it is a tax upon the travelling public; and that if the shareholder pays it, it is an income tax upon a limited portion of the public?—I rather object to the latter part of that statement. I have given my reasons for thinking that the tax having lasted so long, and having been imposed so long ago, and persons having taken their property subject to the tax, it is no special or new charge upon the existing railway shareholders. Therefore I rather object to putting it in that form.

2731. At all events, it is an exceptional charge, is it not; it is a charge that persons who invest in other securities do not have to bear?—The person who invests in securities takes the securities subject to this charge, and he pays less for them in consequence of this charge being upon it.

2732. But this charge has been doubled within the last two years?—It has been increased, but scarcely doubled. It is no doubt the change in any taxation which causes, I will not say the injustice, but the hardship.

2733. You spoke of the facility of collection; you do not gauge the justice of a tax by the facility of collection, do you?—No; but that is one of the chief things to be considered in choosing between taxes.

2734. Is the facility of collection, in your mind, an ingredient in considering the desirability of imposing a tax?—Undoubtedly.

2735. Supposing that the Government imposed a 5 or 10 per cent. tax upon the salaries of permanent officials, in what light would you look at it then?—There are plenty of other reasons to be considered.

2736. Would you consider it a very unjust tax in spite of its facility of collection?—Yes, I should consider it a very unjust tax; but I think that the facility of collecting that tax from those persons is one of the reasons in favour of the present income tax.

2737. What would be the greater injustice of that tax than imposing a tax upon any other particular class?—The injustice of imposing a new tax is an extremely different thing from the incidence of a tax which has long existed, where that tax is a tax upon property.

2738. But

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2738. But the income-tax had long existed, and this would only be an addition to it, and those gentlemen would have received their salaries with the possibility of such a tax being put on?—If an official has accepted his position with a knowledge that a certain per-centage will be deducted for tax, I conceive that the remission of that tax would be simply a present to him at the expense of other taxpayers.

2739. Then you would not think it a very great injustice in that case?—Yes, I should.

2740. Does it not come to this; that all exceptional taxation is an injustice?—Exceptional taxation put on for the first time may be an injustice.

2741. When a rate is appealed against, is it not very often declared invalid (and I believe it is invalid) if it is proved that some persons who are fairly liable to that rate have not been assessed and have not paid it, so that a heavier burden is placed upon other persons?—I look upon this as in the nature of a rentcharge, or in the nature of a permanent rate upon landed property. In either of those instances, there may be a very good case to take it off; but to take it off is simply a present to the owner of that property at the expense of other taxpayers.

2742. Would you say that the repeal of any tax would operate in the same way?—I say that the repeal of any permanent tax on property would.

2743. But if 78,000,000 *l.* has to be raised for the expenditure of the year, any tax which is repealed necessitates the imposition of some other tax, which must of course increase the burden to somebody?—Yes; it is a question of comparison between different interests.

2744. You stated, in answer to Question 2310, that "the companies will and do fix their fares, duty or no duty, at that amount which will bring them the greatest amount of net profit, and will and can no more saddle the duty on the public than they could saddle them with a rise of 5 per cent. in the price of coals;" that is your view?—Yes.

2745. Take the case of a company with fares below the maximum, which has fixed its fares according to the principle which you have stated; is there anything wonderful in such a company saying to the public, "We cannot continue the same accommodation to you at the same price, under this enhanced duty; we believe that you will prefer the price to be increased rather than the accommodation lessened; and therefore we make the increase, hoping that Parliament will reduce the tax, and that we may reduce the fare?—I think that it would be a most natural thing for the company to say; and if they can only make the passengers believe it, they will have a great lever to get Parliament to take off the tax.

2746. Would not the public pay the duty, in such a case?—No, I think not.

2747. If a man paid 20 *s.* before the decision of 1874 and 21 *s.* after it, do you mean to say that he would not be paying an increased fare in consequence of the decision?—He would pay 21 *s.* where he formerly paid 20 *s.*, no doubt.

2748. Would he not be paying the increased fare because of the enhanced duty?—Yes; but I say that the companies will not make the charge because of the enhanced duty.

2749. Have they not done so?—They have done so, or pretended to do so, in a great number of cases, because they wanted to make the public believe that the public pay the tax.

Mr. *Knatchbull-Hugessen*—continued.

2750. Or rather, that, feeling convinced of the injustice of the tax, they want to make the public feel that it is unjust?—They want to make the public think that it is desirable for their own sakes, *i.e.*, for the sake of the public, to get rid of it.

2751. With regard to the omnibus competition, do you think that where a railway runs from end to end an omnibus cannot compete with it?—I am inclined to think so.

2752. Are there not a great many intermediate points at which an omnibus must be a formidable competitor to a railway?—I think that the traffic is rather of a different description, and not of a competing description. The omnibus has the advantage of stopping at every door, so that the people who want to be put down at their own door, or at the door of a shop, go by omnibus.

2753. If there were no omnibuses, do you not suppose that the Metropolitan Railway would carry more passengers?—It is possible, but I think that it is doubtful. I think that the Metropolitan Railway carries now, at crowded times, as many as it can carry. Many complaints are made to us that carriages are over-crowded; and we refer those complaints to the Metropolitan Railway, who say to us, "What are we to do if people crowd in in this way? We can hardly get rid of our traffic, and we do not know what to do."

2754. You told us that the whole question was one of revenue, and not one of convenience to cheap train travellers; are there not some railway companies to whom their third-class passengers are of far more importance than others?—Yes.

2755. If you took away the exemptions, the obligations, and the penalties, and maintained the tax, what security would you have that those companies who rely more upon first and second-class passengers might not diminish the facilities to third-class passengers which the law now obliges them to give?—Only the experience which we have had of the working of railways for the last 20 years, which has shown that it has been very much for the interests of railways generally, and I believe universally, to give the accommodation to third-class passengers.

2756. I think you said that third-class traffic is the most profitable of all?—I am not sure that I said that. I think I said that it was increasing the most rapidly of all, because I do not know enough about the net profits of the company to say that it is the most profitable.

2757. You said, in answer to Question 2373, "But when it is proved that this particular description of traffic is the most profitable of all, I cannot see the reason why it should be exempt from taxation"?—That is hardly exact; and if I did say so, it was an inaccurate expression. It is increasing most rapidly, and it is very much cared for by the companies.

2758. If you left all traffic at and below 1 *d.* a mile free from the tax, it would be a great inducement to the railway companies to endeavour to increase and develope that particular traffic as much as they could, would it not?—It would; but I do not see any reason why the Legislature should interfere for that purpose.

2759. Still you would get that advantage at a loss, which you put at about 167,000 *l.* a year, to the

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Mr. *Knatchbull-Hugessen*—continued.

the revenue?—I am not sure that it would be at all an advantage for the Legislature to give the companies an inducement to cultivate one species of traffic rather than another.

2760. Do you not think that it would be a public advantage to give the companies an inducement to help the workmen going from place to place to get to their markets?—I am disposed to think that the true principle for the Legislature is to treat all classes alike.

2761. As a general rule of taxation, you are not in favour of exemption from taxation below a certain amount?—I would rather not go into the question of the income tax.

2762. You appear to have a great fear of the one shilling extra dividend going into the pockets of the holders of ordinary railway stock?—No, I have no fear; I wish they may have as many shillings as they can get.

2763. Do you think it very unreasonable when men have come forward to supply a great public want, and have invested their money hoping to have a return, which return has been reduced and in some cases is actually nothing, that if the return could be increased by the abolition of this tax, some portion of it should go into their pockets?—The smallness of their profits is due to a great many causes which it is not necessary to go into here, and I think it is extremely natural that they should wish to increase their returns as much as they can.

2764. To sum up what you stated, you have told us that it is pretty clear that this form of taxation upon railways would not have been adopted if there had not been taxes upon other modes of locomotion at the time that it was imposed; and you have told us that the tax falls unequally upon the different railway companies?—I do not think that I meant to say that; I pointed out how any alteration would fall unequally on different companies.

Chairman.

2765. It is a fact, is it not, whether you have said it or not?—They pay very different sums. I am not quite certain that I understand what the meaning of "falling unequally" is.

Mr. *Knatchbull-Hugessen.*

2766. They do not pay equally, do they?—They do not pay the same sum.

2767. Some depend more upon one kind of traffic, and some more upon another kind, do they not?—Yes. If by "unequally" is meant not in proportion to their whole gross receipts, or to their net receipts, it is quite true.

2768. You told us also that Government Departments have been, and are now, disobeying the law, and that the law practically cannot be worked as it is at present; having said all that, do you think that the only solution of the question is the adoption of the alteration which would place 3 per cent. upon the gross passenger traffic, and which you still say would fall very unequally upon the different companies?—I said that the logical conclusion of my arguments was, that you should leave the tax as it is, and do away with the obligation and the exemption. That would remove all the difficulties to which I have alluded.

2769. Then you would prefer that to the 3 per cent.?—I never said so. That is a question for the Chancellor of the Exchequer, upon which I would rather not give an opinion.

Mr. *Knatchbull-Hugessen*—continued.

2770. You stated that your objection to the exemption of fares at and below 1*d.* is this; that you think it would be encouraging one class of traffic more than another?—Yes, it would be encouraging one class of traffic more than another, which I do not think is the business of the Legislature.

2771. That class having been the class which the Legislature specially endeavoured to protect and encourage by its legislation upon this point?—And that class being the class which the Legislature specially failed in protecting by its legislation. We are told that the present exemption operates as a restriction upon the facilities which the companies would otherwise give to them.

2772. The present exemption, or the present restriction of the exemption?—Not the present restriction of the exemption, but the restrictions necessarily incident to the exemption.

2773. It must be, of course, a very great restriction and a very inconvenient one to oblige a railway company to stop its trains at every intermediate station, must it not?—Certainly, if there were any such obligation.

2774. But they cannot legally get the exemption without it?—So far as the inducement to get the exemption can be called an obligation, that is so.

2275. But I may go beyond that; is it not a very inconvenient thing (as I put it the other day to a Witness) if you have 10 stations on 50 miles or more, and if to Station 7 and Station 9 a great number of people wish to go, while to the other stations few people wish to go, and yet if the exemption cannot be claimed unless the trains stop at every station to the great inconvenience of the majority?—That is the foundation of the reason why I say that the Legislature has entirely failed in its object.

2776. Supposing that the tax is maintained, would you not think it very desirable to prevent that inconvenience?—Certainly.

Mr. *Ashley.*

2777. With reference to one of the questions put to you, Supposing that you civil servants were incorporated, and had power given you by Act of Parliament to acquire lands and privileges to carry on a trade which was increased in value by the prosperity of the country without any interference on your part, you would not then, perhaps, object quite so much to a 5 per cent. tax?—No, certainly not; if it had been imposed upon us in in the beginning, when we first of all laid out our money in this undertaking, I should think it just.

2778. You said with regard to this 3 per cent. scheme, that it was the one which in your opinion would produce the least change?—Yes, of those different schemes which I mentioned.

2779. Would it not be a very difficult thing to face a change which would put 49,000*l.* into the pockets of the London and North Western Railway Company, and take 7,000*l.* out of the pockets of the North Eastern Railway Company?—It would be a very difficult change to make, and I said that it would be an extremely difficult thing, and that it had been felt by the Government that it would be a very difficult thing to force upon the companies without their consent.

2780. Would it be possible, in your opinion, to reduce it to 3 per cent., getting rid of the exemptions, saying at the same time that no railway

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Mr. *Ashley*—continued.

company shall pay more than they paid in 1875?—That would be open to the same objections, I think, as the proposal which has been made to fix the amount. You would turn it into a rent-charge.

2781. But, of course, so long as no railway company pays more under the new scheme than it pays at present, there would be no injustice in others paying less?—No.

2782. Your objection to that would be that it would turn it into a fixed rentcharge?—Yes.

2783. And with no prospective increase for the Government?—Yes.

Mr. *Leighton.*

2784. Do you know at all how far the present holders of railway stock are in any way the same as those who originally invested in these undertakings?—I can only speak from general knowledge, but probably a very small quantity would be held by the same persons.

2785. There has been a great change in that respect, has there not?—There is a daily change.

2786. Therefore the original makers of the railways, who fulfilled the great public want, are not those who now hold the stock, are they?—Certainly not.

2787. You have divided your points into two, viz., the control of railways, and the taxation of railways?—As regards the two departments concerned with the railways.

2788. You consider that they should both go on different lines, do you not?—Yes.

2789. You do not consider that the control should be entirely taken away, but that it should not be mixed up with the taxation?—Certainly.

2790. Would you mention the control?—There are various kinds of control. As regards the particular subject before the Committee I do not think that the Board of Trade control is necessary for the particular purpose of protecting these third class passengers and ensuring them accommodation, because I think that the interest of the railway companies is sufficient to insure that.

2791. Taking the general public apart from the third class passengers, you say that the railway, so long as it pays, will give facilities of every sort to the public?—It will give those particular facilities.

2792. And it will test the facilities by the receipts?—Yes.

2793. Where it does not pay, do you think they will give the same facilities?—Do you mean to take the case in which the ordinary shareholder gets no dividend at all?

2794. No, I am putting this case: we will say that a railway company which has got hold of a piece of country, finds that the mineral traffic is the only one that pays; and that, therefore, having got hold of the means of communication, it does not give sufficient passenger appliances, because it does not pay; do you think that such a railway should be left free from any superintending control?—I doubt very much whether there are many, if any, such particular cases as you put; it is not a general case, at any rate. If you mean to say that the railway companies from their own interest give every facility and make every reduction of price which an ordinary trader would make if exposed to competition, I should say certainly they do not; but up to a certain extent their interest and that of the public is the same, and I believe on the whole, almost universally, their interest in respect of this cheap train traffic is the same as that of the public to the extent of giving very large facilities.

Mr. *Leighton*—continued.

2795. In those cases where their pecuniary interest is not the same as that of the travelling public (for instance, in the case of the fifteen railways in the kingdom which do not ask for the exemption, because they say that they do not regard passenger traffic), would you think it wise to leave those railways free from any controlling authority?—Supposing that a railway is made for the purpose of carrying minerals and not of carrying passengers, it leaves the previous passenger communication of the country where it was; and I do not know that you have any right to say that, because people choose to invest their money in a railway for the purpose of carrying minerals, you shall therefore compel them to carry passengers if it is not for their interest to do so.

2796. I am talking of a railway which is made for mixed purposes, for the travelling public as well as for mineral traffic, the mineral traffic being the more advantageous. We have been told, I think, that in one case (I am not sure whether it is not the Taff Vale), a passenger may come for a ticket, and it would be a question whether he would get it on that day or the next day, or the day after that?—I am inclined to think that it would be better to leave it to the interest of the railway companies. If the Taff Vale Railway does not carry passengers, then the previous passenger communication of the country remains untouched; but the great probability is, that if there is any great number of passengers requiring accommodation, the Taff Vale Company will give it them for their own sakes.

2797. Take another example, namely, the movement of troops, which is spoken of as being of paramount importance; the Government have no power of compelling the railway companies to move their troops, have they?—Their powers, I think, are confined to taking possession of the railways; I do not think that they have the power in cases of emergency, and of compelling the railways to take troops by their ordinary trains. The companies are bound to convey the troops, but to convey them at prices which, as things have turned out, are higher than the fares ordinarily charged.

2798. But the Government has no power, has it, of ordering special trains?—I think not.

2799. But the Government cannot come to the railway companies and say, "We want a train to take troops to Manchester"?—I think they can require the companies to take them, but that they cannot require special trains.

2800. Do you not think that it might be advisable that there should be a controlling power in that case?—I am inclined to think so; but I would always make it a condition that the Government should pay the railway companies a fair price for whatever they do, and not a less price than they would charge to the public; neither greater nor less; a price giving them the same profit as they get out of their ordinary traffic.

2801. There is the possibility in the future, is there not, of the companies amalgamating, and of the railways coming into the hands of one or two great companies?—Yes, certainly.

2802. They already exercise a vast Parliamentary influence, do they not?—Yes.

2803. The House of Commons is full of railway directors, is it not?—There are a good many.

2804. Do

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Mr. *Leighton*—continued.

2804. Do you think that there is not a possible danger to the public in the enormous strength of these companies?—That is a very large and serious question. Perhaps you will allow me to refer you to the discussion of these questions in the Report of the Joint Committee of 1872, which goes fully into it.

2805. I am only putting this to you because in the evidence you seem to have come to the conclusion that it was not necessary for the public that there should be a controlling authority?—I did not mean to say anything of the kind; I was merely speaking of this particular legislation about cheap trains.

2806. But I have divided the question, as I thought you did, into control and taxation; and I am now upon the question of control; what is your opinion as to the Government having a controlling power over railways?—I would beg to refer you to the Report of that Committee, which expresses, to my mind, what is the truth upon that subject, much more clearly and fully than I should be able to do here. There you will find stated what has been proposed with regard to control, and what are the difficulties in the way of control.

2807. But the two questions are perfectly distinct, are they not?—The two questions are perfectly distinct.

2808. The tax might be abolished to-morrow, but that would be no reason for getting rid of the control, would it?—Certainly not; I do not think the two things are correlative at all. It has been suggested that the abandonment of the tax should be made the consideration for obtaining more control; but that suggestion is open to serious difficulties.

2809. The railways are creations of Acts of Parliament, are they not?—So far as the Parliamentary powers go they are.

Chairman.

2810. Or the Board of Trade?—No, certainly not.

Mr. *Leighton.*

2811. The question of maximum fares is a question of control, and not of taxation, is it not?—Certainly.

2812. Parliament has shown its idea with regard to the control in requiring workmen's trains in special Acts of Parliament, has it not?—In that particular instance it has.

2813. I do not quite know what the powers of the Railway Commissioners are, but the Railway Commissioners are now the public authority which controls the traffic of the railways, are they not, apart from taxation?—Yes; within the limits of the Acts of Parliament which constitute the Commissioners, and the Act which they are appointed to carry into effect, viz., Lord Cardwell's Act of 1853.

2814. In what department would you place the control?—That would depend upon what the nature of the control is that you contemplate. The control exercised by the Railway Commissioners relates principally to the receiving, interchanging, and forwarding of traffic. There is a certain control for the purpose of preventing accidents which is at present vested in the Board of Trade. There is no power of control whatever over rates and fares, and I think there is a very good reason why there should not be.

2815. There is the maximum fare?—There is the maximum fare fixed by the Act of Parliament, but there is no departmental control over it.

Mr. *Leighton*—continued.

2816. Do you think that it would be a good thing to unite into one the whole power and control now exercised by the Railway Commissioners and by the Board of Trade?—I am disposed to think not, because the powers of the Railway Commissioners are something between administrative powers and judicial powers, and I doubt whether the Board of Trade is constituted so as to exercise properly judicial powers.

2817. Why should not the Railway Commissioners exercise all the powers which the Board of Trade now exercises?—Because they are appointed as a judicial body, and constituted, in fact, as a sort of legal tribunal.

2818. Do they not arrange traffic between competing companies?—Only if the companies come to them to have it decided.

2819. With regard to the control which Parliament exercises over these great corporations, it is not very unlike that control which the Government thought it right to exercise over the East India Company, is it?—The East India Company were governors of a great territory; they ceased to be a company of merchants, and they became governors.

2820. With regard to the tax, which we will call for the moment (although you object to the name), a tax upon locomotion, we will discuss it on broad principles. Am I right in supposing that the arguments against such a tax are simply these: That if it hinders development, if it is difficult to collect, and if it is easy of evasion, it is objectionable; but that if it does not hinder development, if it is easy of collection, and if it is difficult of evasion, then every economical argument is in its favour?—Always assuming that it does no injustice to the people from whom it is collected, which I do not think it does.

2821. Can you give me any economical argument which can be used against the tax on locomotion other than those which I have named and which you have named?—No, I think not.

2822. Then the mere speaking of it as a tax upon locomotion, and supposing that therefore it is injurious, is a mistake unless you go into the reasons why it is injurious?—Certainly.

2823. A tax upon locomotion is not injurious, is it, unless it in some way breaks into these principles of political economy?—Quite so.

2824. And this tax does not do so?—No.

2825. Do you think that in future it is likely to stop the development of railways?—I think not.

2826. Or to injure the convenience of travellers?—I think not.

2827. And it has not done so up to the present time as we know, although it has been hampered by this system of exemptions and obligations?—I do not think that it has done so except to the extent to which this very awkward system of exemptions has induced the companies to do that which they otherwise would not have done.

2828. In fact, Lord Houghton told us that the development of railways in England had been too rapid, and that that had been injurious to the shareholders?—Yes; that is to say that there was somewhat profligate speculation encouraged by the notion which Parliament has entertained of encouraging competition.

2829. We have the authority of two Chancellors of the Exchequer, have we not, Mr. Gladstone

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Mr. *Leighton*—continued.

stone and Mr. Lowe, in favour of the per-centage upon gross receipts?—I think that they both proposed that.

2830. With regard to inland communication, have not the railway companies the passenger traffic for long distances wholly in their own hands?—I think so.

2831. Therefore, when they complain of untaxed competition, would it not be an answer to them if they were all equally taxed themselves?—I think so.

2832. The untaxed competition is that of the omnibus and steamboat companies, is it not?—Yes, if and where those are competitors.

2833. And therefore where omnibuses and steamboats do not exist, the untaxed competition does not exist, does it?—Certainly not.

Chairman.

2834. Do I understand you to admit that where omnibus and water communication do exist, competition does exist?—By no means, generally; I have already stated that it may exist to a qualified extent.

2835. The burden of your evidence throughout has been that you have utterly ignored any competition by omnibuses and steamboats against railways, because the Right honourable Member for Sandwich put a question distinctly to you upon that subject, and you said that you did not think that if omnibuses were removed, a single extra passenger would go by the Metropolitan Railway?—I do not think that I answered the Right honourable Member's question in quite such an unqualified way as that; but I do not think that the omnibuses really compete with the railways. I think that the river steamboats do in some places and to some extent, but that only at particular periods of the year; and about the tramways I am, from the evidence which has been given, altogether in doubt.

Mr. *Leighton.*

2836. Supposing that there is competition between steamboats and omnibuses and the metropolitan lines, those lines are in an exceptional position, are they not?—Quite so.

2837. The policy of keeping on the tax is also quite separate from the amount of it, is it not?—I am not quite sure of that, because a new tax might be an injustice where an old tax is not.

2838. But whatever calculations may be made with regard to the 3 per cent. bringing in so much, and 1 per cent. bringing in so much, those are questions of detail, are they not, apart from the policy of the tax?—Apart from the policy as to whether there should be a tax upon railways or not.

2839. Those are questions for the Chancellor of the Exchequer to decide?—Yes; but you must not omit this consideration; that if the tax is defended on the ground that it is a charge subject to which the ordinary shareholders have taken their property, any alteration of the tax is open to the objection that you are charging some and not charging others, and that you are, in fact, making an alteration in that which you defend on the ground of its permanence.

2840. The tax is defended on the ground that it does not injure the development of railways; that is the ground work of the fiscal reasoning for the tax, is it not?—So far as that consideration goes, I do not think that the changes

Mr. *Leighton*—continued.

which you have suggested would make any difference.

2841. What I am suggesting is that it is rather misleading to calculate upon how much a 3 per cent. or how much a 2 per cent. tax would produce; if the tax is good in policy it is the duty of the Chancellor of the Exchequer to see that its incidence is fairly and equally arranged between the railway companies, is it not?—Yes.

2842. The circumstances of railways are changing so rapidly from day to day, that what is true this year, would be false next year, would it not, with regard to the collection of the tax, and with regard to its incidence upon the different railways?—Yes.

2843. Then I might sum up your evidence in this way: that the policy of the tax is good; that the control should be separated from the taxation; and that, so far as your opinion is concerned, you think that 3 per cent. levied upon the gross receipts would be the best mode of collecting it?—It would be the least objectionable mode of making an alteration, though not by any means free from objections; and I think you ought also to add that I have a very strong opinion against the present system of exemptions.

2844. May I sum up your evidence by saying that you object to the present system of exemption and obligation; and that you approve of the policy of the tax?—Yes.

2845. You approve of a distinction being made between the body that controls and the body that taxes?—Yes.

2846. And it is your opinion that the 3 per cent. is the least objectionable form of alteration?—Yes.

Lord *Claude Hamilton.*

2847. I think you stated, the other day, that self-interest induced railway companies to reduce their fares, and also that, in doing so, they were governed by commercial principles?—I think so.

2848. If this principle has operated hitherto in giving low fares and increased accommodation, do you see any reason why it should cease to operate?—No.

2849. Yet you say that the abolition of the railway passenger duty would very probably result in an extra charge being placed by certain companies upon their fares in consequence of that duty going into the pockets of the shareholders instead of into the pockets of the public?—I did not say, or mean to say, that a new extra charge would be made; my doubt is whether the so-called extra charge has really been placed upon the public in consequence of the duty; or, at any rate, whether it has not been only so far placed upon the public in consequence of the duty, as that it is put there for the purpose of endeavouring to persuade the public to assist the companies in taking it off.

2850. I suppose, as we are rather arguing upon commercial principles, that you admit that the price of an article is regulated by the cost of its production?—Put in that abstract way, I do not think that I have any objection to admitting that proposition, but I should like to see where we are going.

2851. I am alluding now particularly to your evidence as regards the Great Eastern Railway?—I think that I can, perhaps, put a qualification to your general proposition; I think that that doctrine

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Lord *Claude Hamilton*—continued.

doctrine of political economy does not apply to the case where there is a monopoly.

2852. But we deny that there is a monopoly; that is an open question?—Yes, but I assert that there is.

2853. Does it not follow that if the Great Eastern Railway Company have reduced their fares, as you state, notoriously below their maximum, with a view to the largest amount of net profit consistent with the cost of production, they would raduce their fares still lower if the 5 per cent. were taken off that cost of production?—That would depend upon the question of whether they would get a larger profit by keeping the 5 per cent. for themselves, or by reducing their fares to the extent to which that reduction of 5 per cent. would enable them to go, and I think that it is exceedingly improbable that the reduction of the fares by the amount of 5 per cent. would get for them sufficiently clear profit to balance the loss of the 5 per cent. not going into their own pockets.

2854. Has it not always proved that low fares and increased accommodation to the public ultimately result in increased profits to the company?—Yes; but I do not think that that depends upon the outgoings. A very large reduction in the outgoings of the company would probably enable them to make at once a reduction in their fares which would tell upon the increase of their traffic, but the probability is that a small reduction of their outgoings would wholly go into their own pockets.

2855. I suppose that you are aware that the process of the increase of receipts, when there is a large reduction of fares, is generally not immediate but ultimate?—Yes.

2856. You stated that the Great Eastern Company, who have added this one-tenth of a penny per mile to their fares, would, if the duty was removed, place it in some other form on their fares, which the public could not find out?—I stated either that would be so, or that they have now not fixed their fares at the figure which would bring them the greatest amount of net profit.

2857. You must be aware that the Great Eastern Railway Company, like some other railway companies in the country, are not at the present moment in very flourishing circumstances, and that what may be the largest immediate amount of net revenue to carry on the affairs of the company, may not be the amount of net revenue which a prosperous company would think it necessary to derive from their concern?—I should think that the question of the amount of clear profit to be made by a given amount of fares is independent of the prosperity of the company. It is possible that a rich company may be better able than a poor company to make an immediate sacrifice in order to reap a future harvest.

2858. Supposing that a man in want of money has a bad security, he raises that money at a rate of interest which he would not pay unless he was very much pressed, or could get it under better credit; a railway company may require a certain amount of money to carry on their concern to avoid bankruptcy; the Great Eastern Company had to pay, in the year 1875, 40,000 *l.* odd as their share of the passenger duty, which is equivalent to one-half per cent. on their ordinary stock; in the first half year of last year they paid no dividend whatever, but merely met their preferences; consequently, do you not think that if the Great Eastern Company had been relieved from the great anxiety of having to find this 40,000 *l.* of duty, they would have been able to reduce their fares to a larger extent, and to give an additional amount of accommodation to the public, with a view to the ultimate development of the railway, instead of being hampered, as they were, by the prospect of having to pay this large sum staring them in the face?—I do not think that whether they would do that or not depends upon the duty. They would consider in what way they could dispose of the duty most beneficially to themselves. It may be that it would be most conducive to their ultimate advantage to reduce their fares; but that is a question independent of this particular charge.

2859. Do you not see how this duty hampers the action of a poor railway company in regard to the development of its traffic?—Every outgoing of course to some extent hampers the action of a company, and this as much but no more than any other outgoing.

2860. Do you contend that if the company were relieved from a sum equivalent to one-half per cent. upon their ordinary stock they would not be in a better position to afford additional facilities to the public than they are in at present?—A rich company, as I have already stated, is better able to make a present sacrifice with a view to a future harvest than a poor company; I cannot go farther than that.

2861. You have not dwelt much upon the indirect result of the abolition of this tax. Do you not think that the increased accommodation in the way of speed of trains and facilities to travellers which would result from the total abolition of the tax, and of all those difficulties which arise through the companies endeavouring to obtain the exemption, would be a very large ultimate gain to the travelling public?—I have no doubt that the abolition of the exemption would result in increased facilities by removing an embarrassment, but I have doubts about the abolition of the tax having any such effect.

2862. Why should railway shareholders, in your opinion, be exceptionally taxed?—I have answered that already. But I doubt very much whether that is quite a fair way of putting it; I think that the present railway shareholders have taken their property subject to this fixed charge.

2863. Did not also the proprietors of omnibuses and steamboats take their property subject to a charge?—They are in a somewhat different position, because there is not the same amount of fixed capital. That is the difference between the charge upon an ordinary trader, who is subject to every kind of competition, and the charge upon a large commercial concern, in which there is a large quantity of capital permanently invested.

2864. But the taxes upon these two interests, the steamboats and the omnibuses, were repealed, from the fact that they were taxes upon locomotion, were they not?—There were never taxes upon steamboats. That which is the most efficient form of competition was never taxed at all.

2865. But the tax upon omnibuses was reduced simply because it was a tax upon locomotion, was it not?—It was a tax upon ordinary retail traders who carry on locomotion; it was a tax upon all stage carriages and upon all horses in every town and in every place in the country.

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Mr. *Farrer.*

19 May 1876.

Lord *Claude Hamilton*—continued.

That was something very different indeed from the tax upon the permanent railway interest.

2866. You stated, did you not, that you consider 3 per cent. upon the gross passenger receipts to be the least objectionable form of the tax?—I consider it to be the least objectionable form of altering the tax, because it involves the smallest amount of alteration and is not open to the other objections of account and unfairness to which the other modes are open; but I have stated that it is open to objections.

2867. Do you not think that a compromise of a fixed per-centage should be based upon a sum realised under the law as it was understood when the companies obtained their Acts?—I am afraid that it would be very difficult to do that, considering over what a period of time the Companies Acts extend, and how circumstances have changed.

2868. But at the time when they obtained their Acts, the law was understood in a certain sense, and sanctioned in a certain sense, by successive Governments and by successive Parliaments, was it not?—I do not think that Parliament has ever sanctioned what the Court of Exchequer has now determined not to be the law, though the Government may be said to have connived at it.

2869. If you say that the Government connived at it, Parliament winked at it?—Parliament may possibly be said to have winked at it, to some extent, in passing Mr. Gladstone's Act of 1863.

2870. If a charge of 3 per cent. were imposed upon the gross traffic receipts of railway companies, would not a much larger burden be placed upon railway companies than if a per-centage were struck under the system which prevailed when most of the companies obtained their Acts?—I am not quite sure that I understand what your proposal is.

2871. My objection is that your per-centage is too high, and that you should take 2 or 2½ per cent.?—In order to bring the gross amount back to the amount at which the tax would have stood before the recent decision of the Court of Exchequer? That is a matter for the consideration of the Chancellor of the Exchequer.

Mr. *Bruce.*

2872. In reference to a return which you have put in about the amount that would be deducted if the proposal of exempting all fares under 1*d.* a mile were adopted, was that return made after deducting the 1*d.* a mile fares which are deducted under the present system?—It had nothing to do with the 1*d.* a mile fares.

2873. Does it take in the value of third-class traffic, including what is now exempt by the present action?—The whole of the third-class traffic.

2874. This is a point of some considerable importance. In answer to a question which was put by the honourable Member for Stafford, you said that you thought that it was very wrong that any Government department should be able to exempt persons from tax?—I meant that it was wrong that they should have a discretionary power of exemption.

2875. Is it not the case that the Board of Inland Revenue, in dealing with the application of the tax to particular instances, has and must have a discretion as to how it is to deal with those instances in the best interests of the public?—I think that in the case of this particular tax it has certainly been so. It was almost impossible for the Board of Inland Revenue to act upon the strict words of the Act, but I think that it is very undesirable that there should exist a discretion of that kind.

Mr. *Bruce*—continued.

2876. As a matter of fact, is it not the case, that in all taxes questions will arise between the Board of Inland Revenue and particular parties, whether corporations or individuals, as to the amount and incidence of the tax, and that those questions the Board of Inland Revenue must have some discretion to settle?—They must have some discretion, but I think not such a discretion as is involved in this Cheap Trains Act.

2877. For instance, there are cases which I have known, and I have no doubt you have known, where the Board of Inland Revenue has made claims, and those claims have been defeated in courts of law?—Yes.

2878. Do you not think that any great administration like the Board of Inland Revenue, or the Board of Trade, which has to administer a law, must have a discretion of dealing with individual cases in the way which they think most advantageous in the public interest?—They must have some discretion; but not a discretion of going directly contrary to the terms of the Act of Parliament which imposes a tax.

2879. But where there is a difference as to the interpretation of an Act of Parliament, they may exercise their discretion as to compromising or arranging a claim, instead of fighting it, may they not?—Quite so, if it is a doubtful case.

2880. You mentioned, I think, as one of the reasons for the taxation of railways, that they enjoyed certain privileges from the Government?—Yes.

2881. The privilege which you alluded to was the power of compulsory purchase of land, was it not?—That privilege involves, if I am right in my contention, a monopoly of the carriage of passengers between different points.

2882. That involves the question as to whether Parliament does not frequently allow the making of other railways which carry passengers between the same points; but that being the privilege, is it not the fact, in the first place, that such a privilege or right is absolutely necessary for the existence of railways at all?—Certainly.

2883. You could not have established the railway system without it, could you?—Certainly not.

2884. In the second place, is not that privilege paid for?—They pay for land, and very heavily.

2885. Is it not a fact that the compulsory purchase of the land is a large item in the account?—Railway companies have had to pay exorbitantly for land.

2886. That particular thing is a distinct item in the account, is it not?—It is, no doubt.

Sir *Harcourt Johnstone.*

2887. Was not that compulsory power given more for the purpose of restricting the rights of landowners from withholding the land, to the injury of the public, than as a special boon to the railways; was it not given to prevent the landowners from saying, "You shall not have this land"?—Certainly.

2888. Then it was not so much a boon to the railway companies as to the public, was it?—It was

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Sir *Harcourt Johnstone*—continued.

was given to the railway companies, because in giving it Parliament promoted an enterprise beneficial to the public.

2889. The landowner therefore has had a very good time of it, has he not?—I believe so; I do not believe that the landowners have suffered by it. Mr. Lowe put it that the railway companies had made everybody's fortune except their own.

2890. Have you ever heard of such a thing as a reduction of fares by 25 per cent. by a railway company without pressure from Parliament or from individuals, where the railway company had the exclusive monopoly of a district?—I daresay that it is true.

2891. And therefore, is it not sometimes the direct interest of the companies to lower their fares for the public benefit?—I think that it has been generally their interest.

2892. And therefore you cannot lay it down as a positive axiom that the companies would be the people who would benefit of the reduction of the duty?—No; all that I lay down is that the companies will reduce their fares just so far as will enable them to get a profit and no further, and that they are not likely to reduce their fares in consequence of the abolition of the abolition of this tax.

2893. As regards equality of taxation, is it not the fact that tramways are untaxed?—Tramways pay rates; they do not pay this tax.

2894. Have the Board of Trade any special supervision over tramways with regard to level crossings?—Yes; they have considerable supervision over them, in the making.

2895. Can they compel the tramway cars to stop for the purpose of securing the safety of the public crossing?—No; we do not interfere as to that.

2896. In that respect the Board of Trade do not guide or control the tramways?—No; their jurisdiction is principally for the purpose of seeing that the tramways do not injure the other street traffic.

2897. To what extent do they carry that out?—They take care that the tramway does not injure the road.

2898. With regard to the movement of foot passengers from one side of the road to the other, do the Board of Trade control the tramways at all?—No.

2899. Are the Board of Trade connected with the tramways at all, officially or unofficially?—There is a system under the General Tramways Act by which power can be obtained for making tramways by Provisional Orders, and that same Act gave the Board of Trade certain powers over all tramways for the purpose of preventing improper interference with the streets.

2900. Officials of the Board of Trade have no connection with the tramways in any way unofficially, have they?—I think not; I am not aware of it.

2901. Did you ever hear of such a thing?—No, I did not; I should be very glad to know of it if such a thing exists.

2902. Supposing that that were so, it would not be desirable, would it, that the servants of a public department should be connected with a company which is in direct rivalry, in some cases, with the other companies whom it is their business to supervise?—This is really throwing some imputation upon the officers of the Board of Trade, and I should like very much to know the facts.

Sir *Harcourt Johnstone*—continued.

Mr. *Farrer*.

19 May 1876.

2903. I will endeavour to get them for you. Your grounds are really more financial that equitable upon the whole of this matter, are they not?—I do not think that finance and equity are opposed to each other.

2904. Do they agree in this case?—Yes; I should not recommend for financial purposes a thing which I thought inequitable.

2905. Do you think that it is desirable, in a financial point of view, to tax capital?—I think that it is not expedient in the present state of finances, seeing that this tax is now imposed upon the capital of the companies, to take it off for the purpose of putting it on somebody else.

2906. I am afraid that your view may be perhaps modified by the particular considerations of the present time?—If the Chancellor of the Exchequer has half a million or three quarters of a million to give away, it would be a question of course whether this would be the tax he would select for that purpose.

Mr. Serjeant *Spinks*.

2907. What would be your recommendation if the Chancellor of the Exchequer had a surplus?—You must hear other applicants before you can give an opinion upon that point.

2908. You have not considered that question?—I have not considered that question.

2909. You made some statement with regard to Sir Robert Peel's Budget speech about the tax as between stage coaches and railways. I will read the passage, and then I will found a question upon it: "There is another and a different class of duties which I think unjust, and towards the removal of which I think a part of the surplus should be applied. In the first place I will call your attention to the duty upon stage coaches, and in dealing with this question you must consider the amount of competition which the proprietors of those coaches have to contend against, especially on the line of roads where railways have been established. To make that competition more difficult you expose them to unjust taxation. As I said before, I am unwilling to place any new tax on locomotion, but I am anxious to propose the remission of existing incumbrances. At present railways pay to the State one-eighth of a penny a mile for every passenger; and speaking of the present year, I do not propose any augmentation of this tax. I do not mean to say that these duties are too low, but when the duty on stage coaches is considered, I say stage coaches pay a great deal too much." He states the duties on stage coaches, and says that "on railroads no corresponding duties are imposed." Does not that statement of Sir Robert Peel's show that in his mind he tried to balance the duty between stage coaches and railways as evenly as he could?—Yes, I think so; and it also shows that he thought that at that time that there was a competition between stage coaches and railways, which there is not now.

2910. You assume that there is no such competition?—I think that I may infer both the one and the other.

2911. But his object appeared to have been to make as fair a balance as possible between one class of locomotion and another, does it not?—Between one class of locomotion and another competing class.

2912. You expressed some doubt whether Sir

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Mr. *Farrer.*

19 May 1876.

Mr. Serjeant *Spinks*—continued.

Robert Peel's view about locomotion applied to railways as well as to stage coaches. I find in this same Budget speech that he says: "I do not think I need argue against the revival of the duties on salt or on beer. Shall I then resort to locomotion for the purpose of finding a substitute; shall I increase the tax on railways;" does it not appear to you clear from that that in speaking of taxes upon locomotion he was referring to railways as well as stage coaches?—Clearly.

2913. He goes on to say: "I confess nothing but a hard necessity would induce me to derive revenue from locomotion." Does not that show that he had strong objection to the taxes upon locomotion, whether on stage coaches or on railways?—Supposing it to be a tax upon locomotion; but whether he would have said that it was a tax upon locomotion when the railways have a monopoly is a different thing.

2914. It was as much a monopoly then as it is now, was it not?—No, I think not.

2915. In order to show Sir Robert Peel's view of the importance of communication, he says: "In the present state of this country, where it is a great object to facilitate the transfer of labour, and to enable those to whom labour is capital to bring it to the best market, seeing the immense social advantages which result from the freedom of communication, not perhaps immediately visible, but still not the less real, I should contemplate with great reluctance and regret the necessity of increased taxation upon railroads." That clearly, I think, applies to railroads?—Yes, and I think that he had just before, or in that very Session, altered the tax upon railways.

2916. We have by this recent decision, in effect, an increased taxation upon railways, have we not?—Yes.

2917. That, according to Sir Robert Peel, would be a misfortune as regards the communications of the country?—I doubt it. One must remember the very different circumstances of the railway interest then and now.

2918. I am not aware of the difference of the circumstances at all?—Then the railways were just beginning, and one may look upon the railways now as comparatively completed things. Then they had not a monopoly, as by his speech it appears they were competing with stage coaches; now, I maintain, that there is no such competition.

2919. You, in fact, dispute the authority of Mr. Forbes, for instance, who says that there is a very severe competition?—I have already gone very fully into the subject of the competition or the non-competition of the omnibuses and steamers with the railways, and that appears to me to be the only case where there is a vestage of competition.

Mr. Serjeant *Spinks*—continued.

2920. But he says that there is a severe competition between them?—Does he mean between the railway companies themselves?

2921. Between the railway companies and the omnibus companies?—I think that he only applies that to those in London.

2922. But he says that there is a very severe competition between them; I am not aware that you have any practical acquaintance with these subjects?—None, except what I have obtained from reading the evidence, and from having been conversant with the subject at the Board of Trade for a good while.

2923. And, of course, you would hardly like to put your evidence in contradiction to that of a person of Mr. Forbes' eminence in these matters?—I believe any fact that Mr. Forbes tells me; but I should prefer to draw my own conclusions.

2924. A large mass of facts have been detailed by Mr. Forbes upon which he founds his conclusions; have you any corresponding facts to put before us?—I do not bring any new facts, but from those facts I draw somewhat different conclusions.

Mr. *Ashley.*

2925. You said just now, in reply to my suggestion about limiting the amount of payment to what each railway company paid in 1875, that that would be reducing it to a quit-rent; do you see any objection to a plan whereby, for the next three or four years, no railway company should pay more than it has paid hitherto, and that after that it should go on with the 3 per cent.?—That had suggested itself to us as a possible means of meeting the difficulty and letting them down easy under the new system; and if the companies will accept it, I think that it would not be a bad arrangement.

2926. That would give time for the ordinary increase of traffic?—Yes, I have thought of it, and if they would accept that, I should be very glad to see it adopted.

Mr. JAMES ALLPORT, called in; and Examined.

Mr. *Allport.*

Chairman.

2927. WE know that you represent the Midland Railway Company?—Yes.

2928. I do not propose to take you through the general evidence with regard to the history of this tax and with regard to the legal decisions which have been given; but there are some other points upon which I think that the Committee may find your evidence valuable; with reference to the power which railway companies have of adding to their maximum fares for the purpose of recouping themselves for the duty which has been put on in consequence of these legal decisions; have you the power to do that under any of your Acts?—We have. I have observed in the evidence of one gentleman, that he gives five companies which he thought alone had the power to charge above their maximum fares. I have myself examined the Acts of Parliament of most of the large companies, and I find that it is general. I can mention for instance, the London and North Western Company, the Great Western Company, the Great Northern Company, the Midland Company, the North Eastern Company, the Manchester, Sheffield, and Lincolnshire Company, the London, Brighton, and South Coast Company, and in fact practically all the large companies have the power to charge the duty.

Chairman—continued.

2929. You are aware, of course, of the change in the tax, in consequence of the recent decision; supposing that the tax were levied to its full extent, what effect would that have upon the great companies?—It has had a very serious effect.

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Chairman—continued.

effect. Take the Midland case, for instance; it has already increased our payments very considerably. I can speak now from personal experience of what took place in 1844, when the Act of Parliament was passed; I took part in the discussion which led to the Act of Parliament, and also in the subsequent action in the matter. I have always been under the impression that the tax was originally put on in consequence of other modes of locomotion being taxed; that there was great reluctance on the part of the Government and of Parliament to put the tax upon railways; and that when the Parliamentary obligation to run trains at 1 *d.* a mile was first put upon the companies, it was intended to exempt all third-class fares at 1 *d.* a mile. That was my conviction, and we have acted upon that; and acting upon that conviction, the Midland Company recently took a more decided part in encouraging third-class traffic than any other company. When we decided to put third-class carriages on all trains, of course many of the companies strongly objected to it; and when it was decided by the House of Lords that such trains not calling at all stations were subject to the duty, very great pressure was brought to bear upon the Midland Company to add the tax to the third-class fare.

2930. You have not done that, I think?—We have not, up to this time, added the duty to the third-class fare, because we felt convinced that the decision was so contrary to the intention of Parliament and to the spirit of the Act, that we concluded that an Act of Parliament would be passed exempting all third-class fares at 1 *d.* a mile and under from the tax.

2931. Supposing that no alteration of the law should take place, and that the Board of Trade should insist upon this tax being paid in consequence of your inability to conform to the exemptions as laid down in the Act, what do you think would be the course which you and other large companies must take?—I think that it would have the effect of putting the tax upon all third-class fares.

2932. Are you prepared with any calculation to show what the increase in your own system would be supposing that this tax were levied in its extreme form?—We, at present, pay about 41,206 *l.* a year in Government duty, that is upon the whole of the first class and a large portion of the third class passengers; but, I may mention, incidentally, that we have only two classes now. On the 1st of January last year we adopted the plan of running two classes, first and third. We paid 41,206 *l.* for duty in 1875, in consequence of the decision of the House of Lords, which was an increase of about 15,000 *l.* over what we paid in the previous year. At present we pay upon about 28 per cent. of our third-class receipts, which, without season tickets, amount to 1,136,000 *l.* a year. If there were no exemption, and the tax were paid upon the whole, it would be at 5 per cent., 56,800 *l.* That would be a further increase of some 38,000 *l.* a year upon our total payment for duty.

2933. That would become a sensible sum to the railway company?—There is no doubt of it; and that is without the season tickets. We issue a very large number of third class season tickets, and on those we do not charge the duty.

2934. It has been suggested, and very strongly urged by the last witness, that this is a matter simply affecting the shareholders of the railway; have you any reason to believe that it would affect the travelling public?—Undoubtedly it would.

2935. Will you state what leads you to that opinion?—Take our own practice as regards the first class. We reduced the first-class fare to 1½ *d.* per mile; but we added the duty to it, because we did not feel justified in taking it off, although we reduced the fare. If the duty was taken off the public would immediately gain the benefit upon all the first-class tickets; but if it is retained the public will lose the advantage of our not having added it to the third-class fare up to the present time. Railway shareholders, of course, must have dividends if they can be obtained, and whether it is a 5 per cent. tax or a 20 per cent. tax the public must ultimately pay it.

2936. Is not this duty that you pay just as much one of the items or elements of working expenses as your paying for anything else which renders it necessary that you should carry on your traffic?—Undoubtedly.

2937. I want to have it explained to me, if it is explicable, how it is that you can separate this particular charge from other charges, be they greater or be they less, which all swell up the amount of working expenses?—We do not do so; we take an account of this as we should of the maintenance of the railway, or of the expenses of porters, or anything else. Necessarily, it is too large an item to be disregarded; the payment of 41,000 *l.* a year is a large sum, and it must be taken into account in calculating the expenses of the railway.

2938. I understood from you just now that some pressure was put upon you to make some alteration in your fares, or to abandon the arrangement which you have made of your two classes; will you explain that a little more fully?—When we finally decided not to resume the second class, a pressure was brought to bear upon us to charge the duty upon the third class; we declined to do so, and we have not added it up to the present time; if we consented to it, the result would be very serious. It is not simply the Midland Company; the Midland Railway runs from London through the centre of the country to all the large manufacturing towns and centres of England, and now they go as far as Carlisle. It goes to Birmingham, Liverpool, Manchester, Sheffield, Leeds, Bradford, Nottingham, Bristol, Gloucester, Leicester, Derby, and so on. It will be seen that the London and North Western, the Great Western, and the Great Northern Companies are all more or less affected by this question; and our not adding the duty has compelled those and other companies to charge their fares less the duty. If the Midland Company were to consent to add the duty, it would affect, I have no hesitation in saying, more than one-half of the travelling population of England.

2939. You are of opinion, from your knowledge of these matters, that directly, so to speak, the effect of this tax would be felt upon the travellers who travel upon your line?—Undoubtedly; we charge 1 *d.* a mile third class; that is our standard, and if we had to add the duty, it would be paid by the public, and this would apply to all other companies competing with the Midland.

2940. What proportion of your gross receipts

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Mr. *Allport.*

19 May 1876.

Chairman—continued.

are derived from passengers as against minerals and goods?—It may be taken at about one-third, or scarcely one-third.

2941. Of course this tax affects different railways very unequally?—Very unequally. I observe that in Mr. Farrer's list he shows that a 3 per cent. tax would take from the Midland purse some 7,000 *l.* or 8,000 *l.* more than is now paid.

2942. You stated that you think that the public would be direct gainers if the railways were relieved from this tax; indirectly are there any advantages which you can suggest which would be derived with regard to the working of your traffic and the increased accommodation that you could give to all classes of the public, supposing that these restrictions were withdrawn?—Yes; as to the trains calling at all the stations, a large portion of the third-class passengers do not travel by those trains; if you take the large centres, for instance, from Leeds to Birmingham, or from Leeds to London, but if you complied with the Act of Parliament, and got the exemption, that train must call at every station between Leeds and London, and Leeds and Birmingham, whereas the passengers have the opportunity of travelling by express trains or fast trains, and it would be a great inconvenience to the public if those trains had to stop at every station for the sake of the exemption.

2943. Therefore you have in point of fact (and that has rather been urged against the railway companies) given the third-class passengers better accommodation than the law originally contemplated that you should give?—Very much better.

2944. It has been urged that that has been induced (and I have no doubt that there is some truth in it) simply by the interest of the railway, looking at it commercially?—That is so, to some extent.

2945. But whatever has led to that, you are of opinion that if these restrictions are insisted upon then those advantages must be diminished?—No doubt of it; because although we have given the great facility for the third-class passengers to get through the country by fast trains, we certainly should not have done so without adding the duty had we known at the time that the House of Lords would decide in the way they did upon this question.

2946. Might not the result be that people would travel more slowly and lose more time, because if they went by trains for which you could not claim the exemption you would say: "You must pay me more"?—Yes.

2947. Is that a thing which would be likely to occur in practice if something is not done?—I think it is most likely to occur. In the interests of the shareholders, I should be obliged to recommend the directors to assent to the representations that have been made by the neighbouring companies to add the duty.

2948. You would be giving the pound of flesh in the shape of stopping the train, but that would be a loss of time to the traveller?—It would be a loss of time to the traveller.

2949. And, in addition to that, it would incommode you, I presume, in working your traffic?—The trains stopping at every station convey 72 per cent. of the third-class traffic, so that 28 per cent. of the third-class passengers are not subject to that inconvenience; and it is

Chairman—continued.

either subjecting the 28 per cent. to the inconvenience, or adding the duty. Those are the two alternatives.

2950. It has been suggested very strongly by Mr. Farrer, and by one or two others, that it is quite a delusion to suppose that there is any competition with regard to railways in the present day; what is your view as to that?—I should have imagined that the most unobservant person would have come to a different conclusion. I think that there is the keenest competition everywhere between the railway companies. The competition alluded to by Mr. Farrer is very much more extensive than he describes; it is not simply in London, but in every large town there is very great competition by omnibus, and by tramway; and not only so, but the country districts are all supplied, particularly on market days, as every one must know, with conveyances which are free from taxation, and which convey a large number of passengers in and out of the towns. In almost all towns of 20,000 or 30,000 inhabitants, county towns, or market towns, every one must know that there is considerable competition with railways.

2951. I suppose there is the same competition, only different in degree, as that which exists in London between the omnibuses, the railways, and the water?—Yes, in all the large towns there are omnibuses and tramways.

2952. The tramways are of recent introduction, and they are not taxed, are they?—They are not taxed.

2953. It is, perhaps, almost a waste of time, but you cannot look at this duty in any other light, I presume, than as a tax upon locomotion?—No doubt it is a tax upon locomotion in addition to local taxation, which is heavier upon railways than upon any other interest. Taking the Midland (and I have gone very carefully into these figures), our local taxation, to which our competitors are not subject to anything like the same extent, the Government duty, and the maintenance of the road proportioned between the passengers and the goods in the ratio of the receipts, give a cost to the Midland Company of 15·60 per cent. upon the gross receipts. Those are charges to which our competitors are not subject to the same extent as ourselves.

2954. Do you include the parochial rates in that?—Yes.

2955. In fact, you are paying for their destruction?—No doubt. We use them to a certain extent, but to a very small extent as compared with the omnibuses.

2956. Mr. Farrer has expressed a strong opinion in favour of reducing the tax to a 3 per cent. duty upon all companies; what is your view with regard to that?—I say that it would be perpetuating what all railway people, and I myself, most strongly consider an unjust tax. This tax ought to have been abolished at the time when the taxation on other means of locomotion was abolished.

2957. What is your view as to what I may call the quit-rent scheme; that is to say, taking it as a fixed sum, and for the railways amongst themselves to make it good to the national revenue?—That is again fixing a tax upon a certain number of individuals, because it is not correct to call them companies. There are a certain number of shareholders, and it is fixing a permanent tax upon a certain number of individuals

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Chairman—continued.

viduals in the country from which all other individuals are free.

2958. It is a sort of additional income tax, as has been very well put by the Right honourable Member, upon one class of business?—No doubt it is an additional income tax upon a certain portion of the public.

2959. Many of them gaining no profits by their enterprise?—Many of them gaining no profits by their enterprise, I am sorry to say.

2960. Therefore the anomaly or the injustice of this tax is that several companies which are actually paying no dividends to their shareholders are obliged to pay this tax?—That is so.

2961. Another suggestion has been made, I think, by the honourable Member for Poole, that for three or four years there should be a fixed sum taken, and then that some other arrangement should be made; I presume your objections apply equally to that?—They do; I think very strongly that the duty ought to be taken off altogether; but if it is necessary to keep on any part of it for a time, I think that all fares at 1 *d.* a mile and under should be exempt. It would then be a very easy thing to keep the accounts, and that, no doubt, would reduce the 600,000 *l.* or 700,000 *l.*, which it amounts to, to 450,000 *l.*

2962. That would bring it back very nearly to the normal amount before this alteration of the law, would it not?—It would; still leaving the railway shareholders taxed to that extent beyond the other members of the public if the tax is paid by the companies, or the travelling public if it is added to the fares.

2963. That would, in addition to the saving of actual money, to some extent also save the railway companies trouble in keeping their accounts, would it not?—It would.

2964. I do not know whether you could put a figure or a per-centage upon anything like that; but I suppose, if these exemptions are all to be claimed, and narrowly scrutinised, a considerable expense would fall not only upon the companies, but upon those who have to look after the companies?—It is a very difficult thing to keep the accounts. Several clerks are employed, and it is not a satisfactory way; it is an expensive way, and it does hamper the companies in a variety of ways. I observe that one of the witnesses states that the consideration of establishing stations enters into the question; and no doubt it does tend in many instances to prevent accommodation being given to the public, because under the present system of exemption you cannot charge for half a mile, and consequently if it is a mile and three quarters you can only charge for a mile and a half, and if it is 2¼ miles you can only charge for two miles, so that it is a loss to the company as regards establishing stations near to each other in the neighbourhood of all the large towns.

2965. In regard to simplifying the mode of collection, I should think the tickets would almost speak for themselves, would they not?—Certainly, if you exempted all fares at and under 1 *d.* per mile.

2966. I suppose the Clearing-House arrangements then would be exceedingly simple with regard to the amount of tickets so issued?—It would be very simple indeed; and all our fares have to be published, so that it is a very easy thing for the Inland Revenue to check the companies' accounts.

Mr. *Arthur Peel.*

Mr. *Allport.*

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2967. You stated that there was a reluctance originally to the imposing of the tax; on what do you base that opinion?—Upon the speech of Sir Robert Peel which has been read by the honourable Member. I think that every one must admit that a tax upon locomotion is objectionable.

2968. Do you think that the reluctance to lower the tax has been owing in any degree to the desire of getting some material guarantee from the companies in the interests of the third-class passengers?—Not latterly; I think the various Chancellors of the Exchequer who have been seen upon the subject wished to retain it as a sum of money which is easily collected without reference to its past history or its present injustice.

2969. Then if it is the interest of the companies to do what the exemptions prompt them to do, why should the exemptions be continued?—In the interest of the travelling public I should have thought that it would have been necessary for the exemptions to be continued; because, if not, the duty would then be placed upon the travelling public.

2970. The object of the exemptions was to facilitate the third-class traffic, was it not?—Quite so.

2971. Now that the third-class traffic is developed, and that it is your interest to keep it up, why should any bonus be given to you for keeping up what it is your interest to do?—We do not require a bonus.

2972. The bonus is the exemption?—The bonus is the exemption, no doubt; but if it had not been our anticipation that the whole of this tax would have been remitted on third-class passengers at fares not exceeding 1 *d.* per mile, the probability is that the whole of the third-class traffic on the Midland Railway would have been paying duty at the present moment, and that would involve, as I have already stated, third-class passengers being charged the duty upon all our neighbours' lines.

2973. Then you cannot regard the exemption otherwise than as a relaxation of the tax?—It is a relaxation of the tax placing locomotion by railway on the same footing as locomotion by road.

2974. It has had a tendency towards doing away with what you consider an unjust tax upon railway locomotion?—The exemption has; railway travelling is the only locomotion now taxed, and consequently the tax is unjust.

2975. Then you would remit the tax altogether?—Yes.

2976. But, short of that, you would free all fares at or below 1 *d.* per mile?—Yes.

2977. On what principle would you free all fares at and below 1 *d.* per mile?—Simply because 1 *d.* per mile was the sum fixed upon in the Third Class Act of Parliament.

2978. In whose interest do you desire to see a relaxation of the tax; in the interest of the railway companies, or for the benefit of the public?—As I have already stated, our Act of Parliament authorises us to charge 1 *d.* a mile for third-class passengers and the Government duty. We charge 1 *d.* a mile everywhere without adding the duty. It certainly would be in the interest of the public that the duty should not be added; we have not hitherto added it, as I have stated, in the expectation that the law would be altered.

2979. Are you under any obligation to carry

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passengers at 1 *d.* a mile, independently of the Cheap Trains Act?—No.

Mr. *Knatchbull-Hugessen.*

2980. From the extracts which you have heard from that celebrated speech of Sir Robert Peel's, you have no doubt, first, that he expressed disapproval generally of taxes on locomotion; and, next, that he considered this tax a tax upon locomotion?—I have no doubt of it; and I know it, in fact, from having been present on one or two deputations to Sir Robert Peel at the time, and from a conversation which I had with Sir Robert Peel upon the subject.

2981. It has been urged that this tax in no way prevents the development of railways; I suppose with regard to the construction of branch railroads, before you construct a branch you must take into account all the burdens which the construction would entail upon your company?—Yes; I cannot say that the duty has formed any large element in the consideration of the question of branch lines; I do not put it so high as that; but no doubt branch lines are, as a rule, not paying lines, and any additional burden that you put upon the traffic upon branch lines tends to deter companies from making them.

2982. Then, although it is only a small element, it is an important one?—It is one of the elements that deters a company from making branch lines.

2983. Considering that you are bound, in order to get this exemption, to stop at every station, does not this tax act directly as a hindrance to you in making new stations, which you might otherwise make?—It does not have that effect in our case at present, but no doubt it will; we have only been a few years in the neighbourhood of London; no doubt it has injuriously affected the construction of stations.

2984. If I understand aright, you indorse the statement which I made to which the Chairman referred, namely, that if this tax is paid by the passengers it is then immediately a direct tax upon locomotion; and that if it is a tax paid by the companies, that is to say, by the holders of ordinary stock, it then becomes neither more nor less than a tax upon one particular class of investors in public securities?—That is the correct way of putting it, no doubt.

Mr. *Ashley.*

2985. Of course exempting fares under a penny a mile would give you a larger proportionate diminution of the tax that you pay than most other railway companies would have, owing to your having such a large preponderance of third-class passengers?—The Midland Company, having adopted that plan which all the companies have followed in attaching third-class carriages to all the trains, I think you will find that their third-class traffic has increased very largely.

2986. But you have no intermediate class now, have you?—No.

2987. Would the effect then be to make other companies imitate you and have only a first class and a third class?—I think not. If they get more than a penny a mile, probably, as long as there is a tax upon locomotion it is fair that the tax should be paid. If we had a second-class of course we should pay it; but the second-class passengers having to a very large extent gone into the first-class on the Midland Railway, we do pay the tax.

Mr. *Ashley*—continued.

2988. I suppose that taking a penny per mile exemption instead of the 3 per cent. would introduce just as great inequalities amongst the different railway companies as at present worked as we saw from Mr. Farrer's table the 3 per cent. would produce?—I have not made any caculation, but I am rather inclined to think that you will find that on all the railways the third-class forms by far the largest per-centage. Of course there will be inequalities and you cannot impose any tax without certain inequalities upon some persons, but the exemption of all fares at and under a penny a mile would introduce less inequality in my opinion than 3 per cent. upon the whole would produce.

2989. I suppose that if it were not for the history of the tax, there would never have been a suggestion that all penny a mile fares should be exempt?—If other modes of locomotion were taxed, I should certainly not think of it.

2990. Supposing that you wanted to reduce the payment by the railway companies, would there be any reason in your mind why these cheap fares should be exempt more than the higher fares, if it were not for the history of the tax, which had introduced a penny a mile into the Cheap Trains Act?—We should take our toll clauses; we have the power to charge a penny, and add the Government duty. It is not the question of getting out of the public a penny and one-tenth, or a penny and one-twentieth, or whatever it may be, but we should charge just a penny a mile.

2991. But what *a priori* reason is there why you should say, "We must pay no taxation on all our third-class fares"?—On the same ground that you pay no taxation upon any other mode of travelling.

2992. That goes to the whole tax?—Yes.

2993. But supposing that we wanted to reduce the 5 per cent., so as not to make the railway companies pay more when the exemptions are done away with than they have hitherto paid; what is the reason why the penny a mile cheap fare should be exonerated?—My reason for suggesting that is, that I assume that the Chancellor of the Exchequer cannot do without some portion of this taxation, and it is perhaps the longest step towards doing away with an injustice.

2994. You look upon it in this light: that because it is your largest receipt, therefore it would be the longest step towards total abolition?—Quite so.

Mr. *Leighton.*

2995. Are you suffering from stage-coach competition between London and Birmingham?—Certainly not.

2996. There is no stage-coach competition is there with railways for long distances?—Very trifling; but you will find that with all railway companies a very large proportion of their passenger receipts is what may be called suburban receipts. I may state that the average receipt per passenger on the Midland Railway, although we run from Bristol to Carlisle, and from London to Carlisle, is about a shilling, showing that the great bulk of our receipts arise from passengers for short distances in the neighbourhood of large towns; and it is that particular traffic for which we are subject to competition, and very severe competition.

2997. Is there a good deal of that traffic under a mile,

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Mr. *Leighton*—continued.

a mile, or for very short distances?—In London, for instance, taking Hendon as the limit of all the suburban traffic, for nearly the whole of that distance we are subject to omnibus and tramway competition.

2998. A great many of your passengers do travel for distances under a mile, do they not?—Some of them do; the great bulk of them are under 10 miles; I should think 90 per cent. of our passengers would be under 10 miles.

2999. How would you manage to charge the passenger duty upon a passenger who only went a mile for a penny?—We could not charge him the exact duty, but I apprehend that we should have to charge the smallest coin of the realm, and charge him 1½*d.*

3000. That would be charging him a good lot more than the duty?—No doubt it would; but if the Parliament of the country should establish a smaller coin than a farthing, of course he might be relieved to that extent.

3001. The first line of your argument, as far as I gathered it, was to show that the passenger would pay the duty, and I thought you worked it out admirably; but the next part of your argument was to show that the company have paid it. You cannot take advantage of both lines of argument, can you; because if the passenger pays it you must give up the argument that the company pays it?—I think you must have misunderstood me. I said that the decision in the House of Lords increased our payment of this tax about 15,000*l.* a year; but if we put the tax upon the whole of the third-class passengers beyond those in trains calling at every station, the company would be relieved of that 10,000*l.*, and a great deal more besides.

3002. But do the passengers pay upon the Midland at present?—Not the third-class passengers; I stated that on no third-class fare do we charge the duty. On first-class fares we charge the duty in all cases.

3003. Do you think that if it continues you will get them to pay on the whole?—They would have no choice.

3004. Then your argument with regard to the hardship upon the company ceases, does it not?—No doubt it would, if we put it upon the passengers, and then of course the general public would pay, which is at direct variance with Mr. Farrer's evidence.

3005. But I am following out your own line of argument, that then you would have nothing to complain of, the public paying; what would be the result?—There would be the inconvenience and the restrictions that it necessarily puts upon the development of passenger traffic.

3006. But that is a question of exemptions and obligations, is it not, the trouble of interference?—If you keep the tax on, and it has to be put upon the fares, it is a tax upon the passengers, and, in a variety of ways, it gives discouragement to the development of passenger traffic.

3007. But still that would free you from the complaint?—Of course it would if we charged the duty.

3008. And you would charge the duty, I suppose?—I said that I should recommend the board to do so.

3009. Then it would be for the public to cry out and not for the companies?—Then it would be for the public to cry out.

3010. The public have not cried out yet, I think?—Yes, the public do cry out; I have repeated letters, I may say scores of letters, from the public, because we charge the duty upon our first-class fares. On all our first-class season-tickets we charge the duty in every case.

3011. I believe Sir Robert Peel abolished a vast quantity of taxes, did he not?—Yes.

3012. But he maintained the railway duty?—He did.

3013. I suppose that a man's acts are to be considered of more importance than his words, are they not?—Generally.

3014. Then I think we may take Sir Robert Peel as an authority in favour of the tax?—But he did not repeal the stage-coach duty, and he regretted being obliged to put the duty on railways, because he wished to put the two interests upon an equality. I have no hesitation in saying that, had Sir Robert Peel taken off the stage-coach duty, he would never have put on the railway duty.

3015. As far as the tax went, he considered it a tax on locomotion, did he not?—I think so. I think the passage which the honourable Member has read shows that.

3016. Then he spoke, but he did not act?—I suppose it was because he could not spare the money. With regard to the local taxation, there were many questions put by the honourable Member for Shropshire which one of the witnesses could not quite answer.

3017. My point was this: "That the railway companies are not taxed in any different mode from that in which the owners of other real property are taxed, because they are taxed according to the letable value of their undertakings, and the letable value is discovered in the same way as the letable value of a farm or of tithes is discovered; is it not so?—That is precisely where I dispute your proposition. It is not so, and I can give you several examples.

3018. Will you point out where the difference is?—Railways are locally taxed upon their receipts, and no other industry that I am aware of is taxed upon that principle. As an illustration, we will say that there are two houses built precisely the same in every respect, and, as far as the surveyor of the parish is concerned, he rates the two at 100*l.* a year each. One man carries on a business which yields him, say, 1,000*l.* a year, and his neighbour carries on a business which yields him 20,000*l.* a year. If those were two railways, the man earning 20,000*l.* a year would be rated 20 times higher than the man earning the 1,000*l.* a year. Not so with those two business men; they are both rated alike, at 100*l.* a year. The honourable Member suggested the rating of a colliery. That is pretty much upon the same principle; you do not rate a colliery upon the profits made by the lessees or the owners of that colliery; the rating is based upon totally different principles; and whether a coal-owner makes 10,000*l.* a year out of his colliery or 100,000*l.* a year, it does not affect the rating. The rating is based upon the rent that is payable, and the sum expended in erecting the colliery, and the rent is pretty much the royalty that the lessee pays and the annual value of buildings, shafts, &c. Those are two instances,

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instances, but there are many other illustrations. I will take another striking illustration. Assuming that two railways pass through a given parish for the same length, that they have the same quantity of land, and that, as near as may be, they have cost the same amount of money, one railway is earning 1,000*l.* per mile per annum upon its entire system, and the other railway is earning 10,000*l.* per mile per annum. A. is earning 1,000*l.* and B. is earning 10,000*l.*; B. is rated to the poor 10 times higher than A., simply because that has been the means that has been taken to ascertain the letable value, or what a tenant would give for it; but in no other business, that I am aware of, are the profits or the revenue derived from that business taken as the basis for assessment purposes.

3019. Let me put this case to you; you say that a colliery making 100,000*l.* a year upon which a royalty was paid, pays the same as a colliery making 50*l.* upon which a royalty was paid?—Assuming that the same royalty was charged in both cases.

3020. I am assuming that they pay a royalty according to the amount of coal that they get; so much a ton?—That is the royalty.

3021. Are not their profits derived from the coal which they get up?—I admit that if one colliery lessee is getting 10,000 tons and he pays 6*d.* a ton royalty, and another colliery lessee is getting 100,000 tons paying also 6*d.* a ton royalty, the colliery raising the 100,000 tons pays the landlord more than the colliery that is raising the 10,000 tons, and consequently his colliery is of greater letable value than the smaller one. But that is not a rating upon profits. I can give you a case. For instance, two collieries which I know very well, one is working a valuable cannel coal. That coal enables the proprietor of that colliery to realise a very much larger profit than another colliery, perhaps raising a larger quantity of coal, and he is paying in reality a larger rental, because he pays it in the shape of a larger royalty; but no one ever heard of the profits of a coal-owner being rated.

3022. Can you tell me how a colliery company makes profits, excepting out of the coal?—Of course not.

3023. Then if they pay so much for every ton of coal, are they not paying out of their receipts?—Not in the sense of paying out of the profits.

3024. The coal is that out of which they derive their profits, and for every ton of coal they pay 6*d.* royalty out of their profits?—I think I may put it more clearly. Of course the royalty is a fixed rental per ton, varying according to the quantity.

3025. According to the profit that they are making?—No, it is not so. The royalty is a fixed rate per ton, paid to the owner of the property, the landlord. The colliery proprietor may one year get 1*s* a ton profit; the next year he may get half-a-crown a ton profit, but the rating is not based upon the shilling and the half-a-crown, it is based upon the 6*d.* royalty. He may get more coals one year than another, and he may get more coals when his profits are less.

3026. Are you not aware that the mode of levying the royalty is by taking one-fifteenth, or one-fourteenth, or one-tenth?—No; there are several modes of taking it, but the one you suggest is unknown to me.

Mr. *Leighton*—continued.

3027. Have you not heard of royalty being taken in that mode?—No, and if it is so taken it must be very rare and exceptional. I happen to have experience in one or two of the largest coalfields in the kingdom, and I venture to say that there is no royalty upon that principle in Derbyshire, or Nottinghamshire, or Yorkshire, or Staffordshire.

3028. Are you aware that in Shropshire that is the case, and in the North too?—With all deference to the hononrable Member, I happen to know something of the coal fields in the North of England. In the counties of Durham and Northumberland, it is not let upon one-tenth, or one-fifteenth, or one-twentieth of the profits, but at a fixed dead rent per acre, with a fixed price per ton per seam, or per foot in thickness.

3029. My experieece, which is not so large as yours, is different from yours; and in my experience coal mines are let with the royalty being a proportionate part of the value; in those cases your argument fails, does it not?—If the landlord takes a per-centage of the profit, and if the rating is made upon that principle it does; but it is a very trifling portion of the mining interests of this country that is so let.

3030. If you wish for another illustration, let me take the case of tithes; the money which is paid in tithes is a sum which is known, the only deductions which are allowed are the costs of collection, bad debts, and rates and taxes?—I had much rather not go into the question of tithes, for I really know very little about tithes. I am speaking of the rating, but the charge, so far as I know, is a fixed annual payment, and certainly, as regards the railways, the tithes we pay are a fixed payment.

3031. But the question is, what does a man get out of real property; if you do not know the mode in which certain coal mines are rated, and the mode in which tithes are rated, then you would have to withdraw your statement that railways are exceptionally rated, would you not?—I cannot withdraw my statement. Take iron mines in Northamptonshire, now one of the largest iron mining districts in England; the whole of the royalties there are let at so much per ton, not at a per-centage upon the sales or upon the profits. If a man gets 1,000 tons, he pays 1,000 threepences or 1,000 sixpences, as the case may be.

Mr. *Knatchbull-Hugessen.*

3032. Is he rated upon that?—He is rated upon that; not whether he gets 1*s.* a ton profit, or 2*s.* profit.

Mr. *Leighton.*

3033. The reason of that is, because that is the best evidence of the value of his land; and if you can get better evidence than that you would go by it, would you not?—I beg your pardon, that is not so. Take the illustration of a bank. A bank with, perhaps, very little expenses, will be earning 10,000*l.*, 15,000*l.*, or 20,000*l.* a year, or more than that, perhaps 100,000*l.* a year. His next door neighbour may not be earning 10,000*l.* a year; but if the two buildings are of equal value as regards their construction, and their position, they are rated alike.

3034. Then it comes to this: that with regard to

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Mr. *Leighton*—continued.

to the case of the bank, and certain other cases which you have mentioned, you think that railways are exceptionally rated; and with regard to the two cases which I have mentioned, tithes and coal mines, where the royalty is fixed by the proportion of the rent, they are not exceptionally rated?—That may be so; but, as I said before, that must be a very small proportion of the mining interest of the country. I have known the case of a railway taking between 12 and 13 acres of property in a parish, and paying nearly three-fourths of the entire rates of the parish, and the total parish was between two and three thousand acres. Now, that I call an injustice.

3035. Why do you call it an injustice; was it because it showed that the railway was the richest individual in the parish?—That by no means follows.

Mr. *Ashley*.

3036. Let me put to you the case of a slate company, of which I am one of the managers. We occupy only a few acres, and we pay about one-half of the rates in the parish of Festiniog, because we are the richest persons there?—I am not acquainted with that particular parish.

Earl *Percy*.

3037. With reference to competition, if I understood you aright, you said that there was a large competition between omnibuses and tramways and railways at short distances; and I think you put that short distance at 10 miles and under?—As a rule, under 10 miles; but in the neighbourhood of London it will extend to very nearly 10 miles.

3038. What competition is there between a railway and a tramway, at a distance of nine or ten miles from point to point?—It is not nine miles; but taking the northern part of London, we have a tramway now running into the heart of London, which has, practically, taken from our railway a very large traffic, and also from the North London, and also from the Great Northern. That is a tramway running past Kentish Town, and some distance beyond.

3039. Do you mean to say that the number of passengers who travel by your railway has decreased since that tramway was made?—I cannot give you the exact numbers, in our own case, but I have heard the neighbouring companies, who have had much larger experience in suburban traffic in London than we have (because ours has only been made within the last few years), complain very much of the decrease of their receipts in consequence of the introduction of tramways.

3040. The evidence which we had before this Committee rather points to the fact that the traffic on the railways and on the tramways have both very much increased?—There is the natural growth; but it must be self-evident that if the tramways, as I believe they do, now carry many millions of passengers from Finchley-road, Kentish Town, Highgate, Hampstead, and so on, it must take them from the railways; and, consequently, there is competition.

3041. What inducement has a passenger to go by tramway rather than by a railway, supposing that the railway and the tramway go from the same place and to the same place?—The railways do not, as a rule, go so near to the centres of

Earl *Percy*—continued.

business as the tramways and the omnibuses do. An omnibus passes through the streets and puts down its passengers, as it goes along, at their doors; whereas a railway can only take passengers from and to stations, and then there is a considerable distance, in most cases, for the passengers to walk.

3042. Then you think that the increased loss of time in the slower mode of locomotion by omnibus and tramway and the increased expense, is not sufficient to induce passengers to go by railway rather than by tramway?—There is no increased expense; there may be a little more loss of time, but not very much now with the tramways.

3043. Is it as cheap to go 10 miles by omnibus as to go 10 miles by railway?—No. In taking 10 miles you are taking the extreme limit; but where there is one passenger going 10 miles there are probably a hundred going between one and five miles.

3044. Is it cheaper to go four or five miles by omnibus than by railway?—Yes, I think it is; and the number of passengers which they take shows that there are advantages in taking a tramway or an omnibus in preference to taking a railway.

3045. But would those passengers who take an omnibus or a tramway have gone by railway?—Yes, I think that they would where the railway is convenient for them.

3046. We have heard it stated on this Committee that the best safeguard for the convenience of the public is the self-interest of the railway companies; do you agree with that view?—I think that the interests of the railway companies and of the public are identical. I have always maintained that.

3047. You cannot imagine a case in which they might be conflicting?—I can imagine such a case; but, as a rule, I am thoroughly convinced that the interests of the railway companies and the interests of the public are identical.

3048. In the case of the Midland Company, where you removed one class, do you think that that was for the interest of the public?—Yes, undoubtedly.

3049. In what sense was it in the interests of the public?—It is perhaps a long story to tell, but in removing one class, the second class, for which we charged 1½ *d.* per mile, we at the same time reduced the first class to 1½ *d.* per mile. But first of all, in putting third class on all trains we removed into the third class a great number of people who from necessity were obliged to travel, and who could very inconveniently afford to pay second-class fare. Attaching third-class carriages to all the trains, took those people at once into the third-class carriages, and increased their numbers prodigiously. The next step, and I watched it very carefully, was this: we had still left in the second class a great number of individuals who, from motives of economy, and perhaps of necessity, were obliged to go second class; such as professional men, respectable middle-class people, and even many of the higher classes who felt from pecuniary circumstances obliged to travel second, when from position (and I was going to say by birth, if you like) they were entitled to go first class. Those people at once took the first class and they were put into their proper position, and they have nothing to com-

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plain of, inasmuch, as there was no injury inflicted upon them, because we reduced the fare at the same time down to the second-class standard.

3050. But is it not possible (I do not say that it was so, because I do not know the facts) that the first-class passengers might be affected by the importation into the first-class carriages of a class which formerly travelled second class?—I can only give the same answer which I have given before. I have seen people riding second class and even third class, who by birth and position would not be considered undesirable companions even for the highest.

3051. But have you not also seen the class of servants travelling in second-class carriages who do not ordinarily travel first class?—Just so; and those servants would travel third class now. I will venture to say that if a man gives his servant a second-class fare, that being the class by which the servant has been accustomed to go, he will not go first class but third class; and that applies to all servants.

3052. Then you think that not only is the convenience of the majority consulted in that arrangement, but also the convenience of each class?—Yes, I may state that long after the introduction of railways into this country there were practically only two classes; there were what were termed "stand-ups," and they went at very inconvenient times, but there were only two classes for many years, and at one time in express trains there was only one class of carriage. I can remember the time when the London and North Western Company had only one class of carriage upon their express trains; namely, first class.

Mr. *Macdonald.*

3053. Were not the inferior carriages called cattle trucks?—No, they were not cattle trucks, they were called stand-ups: I never heard them called cattle trucks, except jokingly.

Earl *Percy.*

3054. Was not that altered simply for the convenience of passengers, showing that that system was not a convenient one?—No, it was the gradual developement of the railway system. There is no doubt that they were obliged to increase the number of classes, and to increase the number of the trains, because the traffic developed itself so largely; but on the Continent now by certain trains there is only one class of carriage.

Mr. *Bruce.*

3055. In reference to a question which has been asked you by my noble friend about the effect of tramways on suburban traffic, do you happen to know the effect which it has had upon the North London traffic?—I do not, except from the evidence which Mr. Mansel gave.

3056. It has diminished it, has it not?—I have no doubt that it has.

3057. A great part of the Midland Railway was made after the Cheap Trains Act had come into operation, was it not?—A considerable portion of it; in fact, nearly the whole of it has been made since the Cheap Trains Act was passed.

3058. During that time the Board of Trade extended their exemptions considerably beyond

Mr. *Bruce*—continued.

what they do under the new decision, did they not?—They did.

3059. You made your railway, and you worked your traffic under that system, did you not?—Yes.

3060. We have been informed that the third-class traffic has shown a very great development; it grew up under that system, did it not?—It did.

3061. And in giving those extensions and facilities for the third-class traffic, you were acting, I presume, under the impression that at all events you would not be in a worse position than you were then in with reference to the duty?—No doubt we were under the conviction that Parliament would not sanction a charge of duty upon third-class passengers at 1 *d.* a mile.

3062. And the great facilities which you led the way in giving to third-class passengers were given to some extent under that impression, were they not?—It was so.

3063. When we are asked, why should the tax not continue, and the exemption be removed, as far as your position was concerned, was not the exemption part of the law under which you were working, just as much as the tax?—It was.

3064. So that if you removed the exemption, only leaving the tax, you would be inflicting a very considerable hardship upon the companies?—It would be inflicting a very considerable hardship upon the public if the duty was added, which I contend most of the companies have the power to do; and upon the companies, if it is not added.

3065. The proposal which has been made here to take off the duty on all fares at and under 1 *d.* a mile would, in fact, be to a great extent reverting to the practice which existed before this last decision was given, would it not?—It would.

3066. It would be placing you in nearly the same position in which you were before?—To some extent, but not entirely, because, for instance, there was a special Act of Parliament passed not exempting excursion trains from duty, and they were much below 1 *d.* a mile; but as regards the whole of the 1 *d.* per mile traffic, it would be reverting to the practice which prevailed before the decision was given in the House of Lords.

3067. When you stated your view in favour of that proposal, you were asked by an honourable Member, why you fixed that limit of 1 *d.* as the limit at which you would wish the tax to cease; was that following the lines of the law as it was previously administered?—That is so, and that was my reason for giving it. Of course I am strongly in favour of the abolition of the tax altogether, and I believe that the public would get the benefit of it. Although we have the power to charge even as high as 3 *d.* per mile, we have reduced our first-class fares to 1½ *d.* per mile, but still we add the duty. If the duty was taken off, I speak authoritatively when I say that the duty would also be taken off the fare.

3068. Mr. Farrer put in a statement of the amount of the falling off of the revenue which would be consequent upon such a change; I do not know whether you were present when he mentioned the sum of 167,000*l.*?—I was not present when he gave that figure.

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Mr. *Bruce*—continued.

3069. I think that is not a perfectly exact account; he stated, did he not, that he did not take off the amount now subject to duty under the present system?—I believe so.

3070. So that the loss to the revenue would not exactly amount to that?—It would not.

3071. Your third-class fares are limited to 1 *d.* a mile, with the passenger duty added, are they not?—Yes.

3072. And the Legislature has distinctly authorised you to add the passenger duty to your maximum charge?—Yes.

3073. So that, in that point of view, it would seem to be treated as an exceptional charge upon railways?—Quite so; it is the same wording in the Midland Act as it is in all the others. I have referred to various Acts of Parliament, the Midland, the London and North Western, the Great Northern, the Lancashire and Yorkshire, the Manchester, Sheffield, and Lincolnshire, the Great Western, the North Eastern, the London, Brighton, and South Coast, and others.

3074. Have you a short distance clause in your Act?—We have.

3075. So that it is in your power for these very short distances to charge two or three times that fare, is it not?—Yes; but of course the short distance clause does not apply to the exempted trains.

3076. But if the exemptions were entirely removed, it might be in your discretion to increase the fares for short distances considerably beyond the 1 *d.* a mile under three miles, might it not?—Yes; I think that our short distance clause in our Amalgamation Act is six miles, if I remember rightly.

3077. The case of competition has been frequently mentioned here; do you find in your great experience of railway workings that railways are monopolies, and that they are not afraid of competition?—We are not afraid of competition; railways amongst themselves are competitors, and to a very large extent; and I may state, as a singular fact, that we have scarcely a town exceeding 10,000 inhabitants to which there are not either two, three, or more railways.

3078. And in all branches of your traffic you meet with competition, do you not?—Yes, there is a very large amount of competition going on at all large towns.

3079. Your goods traffic does not come before us; but I suppose that the competition is still stronger there?—Very much stronger.

3080. I have always understood that you were a great master of the art of competition, and I suppose you know what the effect of it is?—I question if there is any business in the world where there is greater competition than there is by railways.

Mr. Serjeant *Spinks*.

3081. Railway working, I think, is much more expensive now than it used to be?—It is. I may state that taking 1865 and 1875, a period of 10 years, our expenses have gone up 10 per cent., from about 45 per cent. to 55 per cent.

3082. And at earlier dates than that they were even lower than 45 per cent, I presume?—They were, but I have taken those two periods.

3083. A great many of those expenses are put upon you, I think, by the Government of the country?—A great number of them. A very large proportion of the increase of our expenses is due to the requirements put upon us by the Government.

Mr. Serjeant *Spinks*—continued.

Mr. *Allport*.

19 May 1876.

3084. Can you give us one large item by way of illustration?—The working of our trains upon the block system (I have not the figures here, I could have brought them) must have cost us, I should think, at least 500,000 *l.* or 600,000 *l.* in the first instance; there is the interest upon that, and I should think that the annual cost must be some 50,000 *l.* or 60,000 *l.* a year at the least.

3085. I need scarcely ask whether that materially decreases your net receipts?—It does; our dividends have not been maintained as I should like to see them.

3086. Then is it the case that the tax now falls more heavily upon your net receipts than when it was first imposed?—Very much more so.

3087. I think I understood you to say that, on the whole, you prefer, if there is to be any alteration, that fares amounting to only 1 *d.* a mile, should be exempt from taxation?—Yes; provided that the tax cannot be entirely abolished from the Chancellor of the Exchequer's requirements. I think in the first instance, whatever may be the result, fares at 1 *d.* a mile and under, ought to be exempted from taxation as a mere act of justice.

3088. You are in favour of a total abolition of the duty, if possible?—I am.

3089. Would not the giving of this exemption upon fares of 1 *d.* a mile all round, rather throw a difficulty in the way of the ultimate repeal of the duty?—It might do that; it might cause the retention of the remainder of the tax for many years longer than it would otherwise probably continue.

3090. If you got rid of the taxation on 1 *d.* a mile charges, you would then practically have nothing left, but your first-class fares upon which to reduce the taxation, would you?—That would be so.

3091. Would it not be rather a difficult thing to come to Parliament with a proposal to take off the taxation from first-class fares?—I think not. As regards all means of locomotion, whether of the higher classes or of the lower classes, I think that it is only common fairness to the travelling public, that taxation should not exist upon travelling by railway any more than it exists upon travelling by road or by sea, or by any other mode of conveyance.

3092. As regards the reduction, and even the ultimate abolition of the tax, would it not be rather more easily effected if it were put on in the form of a per-centage?—I rather doubt it; it is an expedient which would probably put off the day of total remission for a long time.

3093. There has been another proposal made of remitting the tax upon all fares under 1 *s.*; how would that operate in your case?—I cannot see the justice of that, because that would exempt a great many of the first-class passengers; I want to exempt the poorer class of passengers, people who cannot afford to travel first class.

3094. I understand that the principle of that, if it has a principle, is that it about exempts the competitive fares?—It does; but still that would embrace the first class, and if the tax is to be retained at all, it should be upon the first-class passengers,

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Mr. *Allport.*

19 May 1876.

Mr. Serjeant *Spinks*—continued.

passengers, who can afford to pay it better than any other.

3095. We have had an application from the War Office with reference to the moving of troops; we understand from Mr. Oakley that there would be no difficulty in making arrangements with regard to that if this tax were substantially reduced; is that your view?—I apprehend that there would be none; but I do not know what the War Office complain of. If our fares are below the standard fixed by the Act of Parliament, they have the advantage. The Clearing-House Regulations for the guidance of all companies, and under which all companies act, say that soldiers are to be carried at the Parliamentary fare whenever that fare is less than 1 *d.* a mile, and officers are to be charged at double the fare of soldiers; but where the fares

Mr. Serjeant *Spinks*—continued.

are less, military and naval officers, soldiers, police, and others who do not produce a route, are to be considered ordinary passengers, and are to be charged according to the class in which they travel. For instance, taking our present fare of 1½ *d.* a mile first class, if the War Office choose to send a regiment of soldiers by the Midland Railway, they will not pay 2 *d.* a mile for the officers when they can pay 1½ *d.* and 1 *d.* for the privates if the third-class fares are below 1 *d.* a mile.

3096. At any rate, you are quite prepared to consider that question in a liberal spirit?—Quite so; we have told the War Office that if they have any grievance, or fancy that they have any grievance, we are quite ready to meet them and discuss anything that they may wish to propose.

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Tuesday, 23rd May 1876.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Bruce.
Sir Harcourt Johnstone.
Mr. Knatchbull-Hugessen.
Mr. Leighton.
Mr. Macdonald.
Mr. M'Lagan.
Mr. Arthur Peel.
Earl Percy.
Mr. Rodwell.
Mr. Samuda.
Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. THOMAS HENRY FARRER, re-called; and further Examined.

Mr. *Farrer.*
23 May 1876.

Sir *Harcourt Johnstone.*

3097. CAN you inform the Committee whether you have been able to ascertain, or whether you know, that the Inspectors of the Board of Trade have, or have had until recently, any connection with tramways?—In the first place, let me say, in answer to the question, that the communication made to Sir Charles Adderley by Sir Harcourt Johnstone merely intimated that something had been said in his hearing to the effect that some one (not mentioning whom) of the inspectors of the Board of Trade had an interested connection with tramway companies. Upon that, therefore, it was the opinion of the Board of Trade that the accusation ought to be made in a more direct and explicit form, and that we ought to be told who is the officer referred to, and what, in explicit terms, is the accusation against us. Not having that information, I thought it better last night when I received Sir Harcourt Johnstone's note, to communicate with the only two of the railway inspectors who are now in London, Captain Tyler and Colonel Yolland, and they both indignantly repudiate the notion altogether. Of the other two inspectors, Colonel Hutchinson is now in Ireland, and Colonel Rich is now on his holiday, acting as a juror at Philadelphia.

3098. If it would be any satisfaction to the officers of the Board of Trade, I shall not have the slightest hesitation in asking the question in the House of Commons, where the answers will be more publicly known?—I do not think that it would be any satisfaction that any such imputation should be raised, or that it should be denied in the House of Commons. It has been made here in this Committee, and, with due deference, we think that in this Committee it ought to be settled, and that either it ought to be proved, or, at any rate, that information should be given to the Board of Trade which would enable them to investigate it, or else that the imputation ought to be withdrawn and struck off the minutes.

3099. I do not want to lay down the law, but of course it is within the competence of the Members of any Committee of the House of Commons to ask the witness in the chair any question that he thinks desirable in the interest of the public service or otherwise. My question has been solely with that object, and if the Committee are of opinion that the subject should stop here and should not be taken further, I am willing to bow to their decision, but on the whole I have thought that it would be more satisfactory to the inspectors of the Board of Trade that both question and answer should be made public?—The question is entirely in the hands of the Committee; but so far as the Board of Trade are concerned, they decline to admit that it ought to be left in its present condition. An imputation has been made in very general and vague terms against a certain class of officers, without stating specifically what the imputation is, and without giving the name of any officer. We think that it ought not to be left there, but that those who made the imputation ought to give to the President of the Board of Trade such specific information as would enable him to investigate the case, and that if that is not done the imputation ought to be retracted.

Sir *Harcourt Johnstone*—continued.

Chairman.

3100. But if it is a general imputation, is not that met by a general denial?—I submit that no one has a right to make a general imputation in terms of that sort. It is an imputation of corruption.

Sir *Harcourt Johnstone.*

3101. Not corruption necessarily?—It is an imputation of interest, and of such an interest as is likely to lead an officer to act corruptly and improperly. If it does not mean that, I do not know what it does mean.

Chairman.

3102. You have given it an unqualified denial, and you have stated that you are totally ignorant of any suspicion or suggestion for such a question?—I do not think that it is quite fair to either Colonel Hutchinson or Colonel Rich, who are absent. The imputation rests upon them, and I have not been able to communicate with them. I submit that if an imputation is made against the character of a public servant it ought to be made in more distinct terms than Sir Harcourt Johnstone has made this, so that the department

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Chairman—continued.

Mr. *Farrer.* partment may have an opportunity of investigating the question to the bottom; because with the number of surveyors and inspectors which the action of Parliament compels the Board of Trade to employ, it is of the utmost importance that the Board should be enabled to inquire in the most thorough way into any case of suspicion.

23 May 1876.

Mr. JAMES ALLPORT, re-called; and further Examined.

Mr. *Allport.*

Mr. *Macdonald.*

3103. You stated, did you not, in the course of your evidence, that a pressure had been put upon you in regard to carrying out the increasing of fares?—To add the duty.

3104. By whom was the pressure brought to bear?—I think I mentioned that it was by neighbouring companies, companies with whom we come in contact.

3105. By competing lines?—Yes. We have an association called the Railway Association; and at a very large meeting of that association after the decision of the House of Lords, and after we had determined to reduce to two classes, the matter was raised, and I think we pretty well stood alone. I resisted it because, as I explained at the time to the association, I thought it was only necessary for the attention of Parliament to be brought to the decision of the House of Lords, for the injustice to be remedied, and I thought it was not wise to put on the duty pending the discussion in Parliament. That was the course which I took at that meeting, and I may say that we stood pretty well alone then.

3106. I presume that you were guided at the same time by a feeling that it would be more beneficial to the shareholders of the company?—No; it would have been more beneficial to the shareholders if we had added the duty.

3107. You said in one of your answers that the tax is an unequal tax; is it unequal in any other sense than in regard to the traffic of particular railways?—It is unequal in every sense. It is unequal as between railways and railways, and it is unequal as between certain members of the community and other members of the community. It is an additional income tax if the shareholders pay it; and if the public pay it the travelling public pay it instead of the general public; and inasmuch, as I have already stated, as all other modes of conveyances are exempt from duty, it is an injustice whether to the shareholders or to the public that that tax should continue.

3108. You said that you had made alterations in your arrangements in regard to the conveyance of passengers; and you mentioned that you had taken off the second class; if that was in the interests of the passengers, was it not also in the interest of the shareholders?—We considered that the experience which we had had after putting third class carriages upon all trains, was such as to justify us in concluding that the remainder of the second class passengers would go into the first class; and we reduced the first class fare to the second class scale, so that they should not be subject to any increased charge. But when we did that and organised our first class fares throughout the entire system at 1½ *d.* a mile, we added the duty.

3109. You found that more beneficial than your former arrangement, did you not?—We found it more beneficial in certain respects; we had less dead weight to carry with the trains.

3110. I think you intimated that if the tax was not removed you would be likely to return to the old system?—No, I did not say that; what I said was, that if the 1 *d.* a mile fares were not exempt from the tax the probability is that the duty would be added. Hitherto we have not added the duty upon the third class fares, and I continued to say that if the Midland consented to add the duty it would affect so many companies that practically it would affect, I said, one-half, but it would affect at least two-thirds of the poorer classes of the travelling public in this kingdom.

Mr. *Macdonald*—continued.

3111. There is a matter which is really not a part of this inquiry, but it was started by yourself, and I should like to put a question to you in order that there may be no mistake about it. You said that you had never heard of the system of paying coal royalties by so much per ton as one-sixth or one-eighth or so of the entire value?—No, I did not quite say that; what I said was that I never knew of an instance of a royalty being a per-centage of the selling price of the coal; for instance, in all my experience the royalty is fixed between the lessor and the lessee, whether 6 *d.* or 9 *d.* or 1 *s.* per ton, and that rate prevails whether the price to the public is 10 *s.* per ton or 20 *s.* per ton. I never heard of a per-centage of 10 *s.*, or a per-centage of 20 *s.*, or, in fact, the selling price of the article being the basis of the royalty.

3112. Then it would surprise you considerably if I tell you that a very large number of leases of coal are made in that form now?—It would surprise me very much.

3113. Would it surprise you if I told you that during the season of the inflated price of coal, some coal owners and lessors had as much as 4 *s.* and 5 *s.* and 6 *s.* a ton in consequence of that state of things?—To a very limited extent it may be so, but I am quite sure that it does not prevail as I stated in Derbyshire or Nottinghamshire or Yorkshire, nor does it prevail in the north of England either in Durham or Northumberland. There the leases, as a rule (there may be exceptions) are upon a fixed royalty. I am not so well acquainted with Wales, but I know sufficiently of the Welsh mode of letting collieries, and I can speak from my own personal knowledge of at least four collieries where the royalty is a fixed sum per ton without reference to the selling price of the coal.

3114. Are you aware that the royalties on some of the finer iron ores are also upon the selling price?—I am not; I have had a very considerable experience of such ores.

3115. You mentioned the Lincolnshire ore, I think, the last day?—I mentioned the Northamptonshire chiefly, and Lincolnshire, and I can speak also to the finer ores, the hematite.

3116. Can you speak as to Ulverstone?—Yes; Ulverstone, or at least in that district. I happen to be interested in one of the largest concerns in that district, and I know that there the royalty is per ton, and not a per-centage of the selling price; that is as a rule, but there may be exceptions. The honourable Member for Shropshire says that he has a colliery where he acts upon that principle; but, as a rule, the principle which I have stated prevails throughout the kingdom.

3117. But you did not, before this Committee, seem

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Mr. *Macdonald*—continued.

seem to be aware that such a practice existed at all?—I was not aware of it, and it rather shows its scarcity, because I have been connected with these things now for 35 years, and I think that I should have known if it had prevailed to any great extent.

Mr. *Macdonald*—continued. Mr. *Allport.*

3118. But lessors begin to discover the most profitable way of letting their coal, do they not?—They do; but I am speaking of what has taken place. I for one should be very sorry to be a lessee upon such a principle. 23 May 1876.

Mr. CHARLES RICKMAN, recalled; and further Examined.

Chairman.

3119. Do you produce a Table showing an approximate estimate of the amount derivable from the railway passenger duty during the next 5, 10, or 15 years, if the law, as recently decided in the House of Lords, were strictly applied?—I do.

3120. Will you state, without going into detail, what is the result of that Table?—This Table shows the aggregate amount derivable from the railway passenger duty in the periods of five years, from 1876 to 1880, from 1880 to 1885, and from 1885 to 1890. I have dealt with them under three heads; first, the 14 railways paying duty on their entire passenger receipts; secondly, the 45 railways claiming exemption on a portion of their passenger receipts, but whose trains were running in accordance with the judgment of the House of Lords; and thirdly, the 48 railways claiming exemption on a portion of their passenger receipts, but whose trains were not running in accordance with the judgment of the House of Lords. For the first period of five years, I arrive at the total of 5,657,164 *l.* as payable; for the second period of 10 years, the total is 11,314,328 *l.*; and in the 15 years, from 1876 to 1890, the total would be 16,971,492 *l.*

Mr. *Samuda.*

3121. They are all taken out on the same scale, are they not?—Yes; but it is not guesswork, because the working figures are before the Chairman of the Committee, and I have treated every railway by itself.

Chairman.

3122. Do you also produce an approximate estimate of the amount of railway duty payable in the years 1880, 1885, and 1890 respectively, if the law, as recently decided in the House of Lords, were strictly applied, assuming the progressive increase for the next 15 years to be 5 per cent.?—I do. For the year 1880 the amount payable would be 1,131,431 *l.*; in 1885 it would be 1,188,001; and in 1890 it would be 1,247,400 *l.*

Mr. *Samuda.*

3123. Starting with the first five years in which you take it at the rate of 1,100,000 *l.* a year, what data do you go upon to raise the present amount of 740,000 *l.* to 1,100,000 *l.*?—I have taken the figures for the five preceding years. 1875 was a very exceptional year, and I have not added anything on for the periods, except in the second account, where I have added a minimum increase of 5 per cent.

3124. You speak in the headings of these statements of "the law as recently decided in the House of Lords" strictly applied in collecting your duties in 1875?—No, it was not; because in 1875 all the duty was taken under an arrangement, and not in strict accordance with the decision in the House of Lords.

Mr. *Samuda*—continued. Mr. *Rickman.*

Mr. *Macdonald.*

3125. The judgment of the House of Lords was in 1876, was it not?—It was; the judgment of the Court of Exchequer was given in 1874.

Chairman.

3126. It is admitted by everybody that the law is, practically, inapplicable; but if the law were applied, supposing such a state of things to exist, these statements give the result?—They give the result; but I may say, as regards the 48 railways which I have dealt with as being before this Committee in another form, as owing money from 1866 up to the present time, as they failed to comply with the judgment of the House of Lords I have taken it that their entire receipts would be liable to the duty, and that failing in one respect they have failed in all. Therefore I have, in the case of those 48 railways, not only taken the duty paid but I have made the amount exempt also liable to the duty, and that is how I have arrived at the figures.

3127. In point of fact there are no exemptions?—There are no exemptions.

Mr. *Knatchbull-Hugessen.*

3128. Is that your computation of the proceeds of the tax during the next 15 years?—It is.

3129. That is to say that that is the amount which, during the next 15 years, according to Mr. Farrer's statement, would either be paid by the travelling public, or be extracted from the pockets of the railway shareholders?—It is.

Mr. *Samuda.*

3130. You mean that if the decision of the House of Lords were carried out strictly, no exemptions would exist?—Yes.

Chairman.

3131. Have you any other Table which you wish to hand in?—The next statement which I have to lay before the Members of this Committee is a comparative statement of taxes on locomotion from the year 1832 down to 1875, inclusive.

3132. What are the totals?—From 1832 to 1875 the railways have paid 12,218,653 *l.*; the stage carriages have paid 9,188,607 *l.*; the hackney carriages in London alone have paid 2,858,809 *l.*; and the post horses and carriages in Great Britain, 5,212,384 *l.* General locomotion has paid 17,259,800 *l.* to the taxation of the country, and railways have paid 12,218,653 *l.*

3133. Is there any other matter upon which you wish to speak?—The honourable Member for Stafford called my attention to the probable area of the shilling fare; that is exhibited on the diagram, taking Newcastle-on-Tyne; one town is as good an illustration as another. I have found

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Mr. *Rickman.*

23 May 1876.

Chairman—continued.

found upon very careful inquiry from almost all the railway managers in the kingdom, that the radius is about 12 miles. I have here one of Airey's maps of the metropolitan district, and the blue lines on the top show the limits of the Great Northern Railway 1 *s.* fare.

3134. The 12 miles theory would practically exempt the Metropolitan Railway from any tax at all, would it not?—It would; the Great Western and London and North Western, on the other hand, extend to about the same distance; the Crystal Palace is embraced in the London, Brighton, and South Coast area, and also the London, Chatham, and Dover; the London and South Western go as far as Hampton Court with their 1 *s.* fares, which is rather over 12 miles. A 12-mile radius would embrace practically the metropolitan police area.

Mr. *Macdonald.*

3135. At Questions 1013 and 1014, you will observe that there were some questions put to Sir William Stephenson, upon which he was not able to afford information, upon the subject of bonds given by railway companies to the Crown, and he referred us to you; can you explain the nature, extent, and use of those bonds?—I can.

3136. Will you kindly do so?—On the opening of a line of railway, the collector reports to the Board the opening of it, and he also gives the names of two sureties who shall be personally bound in the value of three months' duty. It was calculated originally at 12 *l.* per mile, but recently the value of three months' duty has been taken. Two gentlemen of known means become the personal bondsmen for that railway. The reason for that bond is given in the 5 & 6 Vict. It is for the due rendering of the accounts and payment of the duty. There is another form of bond, consisting of a deposit of consolidated stock in the names of the Chairman of the Board of Inland Revenue and the chairman of the railway company. That is the sort of bond that is preferred, because at any time, if the duties were not paid, the Chairman of the Inland Revenue has the power to sell the stock, and there is no personal bond in that case.

3137. You say that the deposit of the bond is the security for the correct rendering of the accounts and the ultimate payment of the duty?—It is so.

3138. When the Inland Revenue Department had those bonds and deposits of stock in their possession, and when the claims were established by the decision, why were not the companies proceeded against, or the bonds put in force, and the penalties sued for?—It appears to me that it would have been the easiest solution of the difficulty. If the bond of the railway companies had been put in suit, some effect must have ensued.

3139. Will you tell me what is the practice when maltsters and distillers are found in default, and do not make payments?—The bond is immediately put in suit.

3140. Do maltsters and distillers give bonds in the same manner?—They do.

3141. Are the maltsters and distillers proceeded against at once by the Inland Revenue upon those bonds?—In default they are.

Mr. *Samuda.*

3142. Did you not refer to the fact that it was impossible to enforce the bonds against the railway companies, because the accounts are so complicated and mixed up?—But the whole matter is changed now; the railway companies must furnish their monthly accounts.

Mr. *Samuda*—continued.

Chairman.

3143. Do you agree with the statement which has been made by two or three witnesses, at the least, that there was so much difficulty in making out the accounts, owing to there being such a complication or interweaving of different railways one with another, that it was hopeless to try to exact what was strictly due?—Speaking of the arrears, that is so.

3144. Certain claims were made which, if the evidence of the witnesses is correct, would have been made in vain, because they could not have been established; is that so?—That is so.

Mr. *Macdonald.*

3145. In answer to Question 1682, you stated that a coaching traffic book was required to be kept by the companies, under the direction of the Commissioners of Inland Revenue; will you inform us whether such a book is kept by the Manchester, Sheffield, and Lincolnshire, the Metropolitan, and the South Eastern Companies?—Such a book is kept.

3146. Is that book kept strictly in accordance with the directions of the Inland Revenue Department?—The Metropolitan book is kept in strict accordance with those directions.

3147. Is the South Eastern book kept in strict accordance with the directions of the Inland Revenue Department?—The last time I saw it it was not.

3148. Why so?—That brings up a rather long story.

3149. Do you treat the time tables that you receive from the Board of Trade in the form of a farce, as was stated to the Committee?—Certainly not.

3150. In what do you treat them?—They are the pivot upon which the whole thing turns.

3151. The Board of Trade, by those tables, guide you, do they not?—Certainly

3152. So far from being a farce they are the sole data upon which you act, are they not?—In the assessment, decidedly; and I think that I can explain that very fully by reference to a change which took place in 1871. There is a letter from the Secretary of Inland Revenue in which my name is specially mentioned, and, in justice to the Inland Revenue, I think it is fair that I should say a few words about the extraordinary statement which Mr. Farrer made in this room. The honourable Member for Stafford has asked me what value was attached to the approvals of the Board of Trade. To be very brief over that matter, the time-tables were sent in triplicate to the Board of Trade marked by the railway companies themselves; one copy was sent to the companies, another to the Inland Revenue Department, and that is the commencement of the business; the latter copy is sent to the local officers of the Inland Revenue for the purpose of checking the list of trains published locally, and upon their report the assessment is made by the collector of Inland Revenue in the district in which the duty is payable. If they find, as I quoted from the Instructions, any differences between the trains published locally and those supplied by the Board of Trade, it is their business, immediately,

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Mr. *Macdonald*—continued.

mediately, to report the same to the Board or to me, my department reporting it to the Board. In 1871 the Board of Trade altered their mode of approval, and the Secretary of Inland Revenue wrote the following letter, which it may not be out of order for me to lay before the Committee: "The attention of the Commissioners of Inland Revenue having been drawn to the fact that the Board of Trade have discontinued affixing their approval-stamp to the railway time tables returned by them to the several companies, although accompanied by a letter of approval in the form agreed upon between the two departments last year, and that they now merely mark the date of receipt on the tables, I am instructed to request that the Commissioners may be favoured with some explanation of the matter in case any change of practice on the Commissioners' own part should be thereby rendered expedient.—I am, sir, your obedient servant, (signed) *W. M. Rossetti*, Assistant Secretary." That letter is dated the 17th of July 1871. To that letter the Board of Trade returned the following reply, dated the 21st of June 1871: "Sir,—I am directed by the Board of Trade to acknowledge the receipt of your letter of the 17th instant, adverting to the discontinuance of the stamp formerly affixed to the time tables of railway companies, showing the date at which the companies' cheap trains were 'approved' by the Board of Trade, and requesting some explanation in the matter, in case any change of practice on the part of the Commissioners of Inland Revenue should be thereby rendered expedient. In reply, I am to state, for the information of the Commissioners of Inland Revenue, that the stamp in question was discontinued for the first time in approving the cheap train arrangement of the (55) railway companies named in the list enclosed in the letter from this department of 27th July 1870. It would appear to have been discontinued after a personal communication between Mr. Melvill and Mr. Malcolm of this office, and also as being somewhat inconsistent with the new qualified form of the letter of approval suggested by the Board of Trade in their letter of 7th July 1870, and altered in accordance with the draft enclosed in Mr. Young's letter of the 13th July 1870. The Board of Trade had no reason to doubt but that the discontinuance of this stamp was known at the Inland Revenue Office, and they are informed that Mr. Rickman of the Accountant General's Department, the gentleman who has been in constant personal communication with this department on the subject of cheap trains, was fully aware of the change of practice. I am to add that all the time tables sent to the Inland Revenue Office and those returned to railway companies since July 1870, have been sent without any stamp (other than the usual stamp showing their date of receipt), but that the qualified letter of approval has been annexed to each time table returned to railway companies.—I am, &c. (signed) *Thos. Gray.*"

3153. I put a question to Sir William Stephenson, and I wish to repeat that question to you. The questions were Questions 1146, 1147, and 1148, in respect to a feeling that prevailed among other companies in relation to some companies having been favoured; have you any cognisance that there is a feeling on the part of one or more of the companies that there is greater leniency exercised by the Board of Inland Revenue in dealing with some companies in regard to taxation than there is with others?—There was a protest.

Mr. *Macdonald*—continued.

Mr. *Rickman.*

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3154. Will you tell us by whom the protest was signed?—The secretary of the London, Brighton, and South Coast Railway Company protested by letter, and the accountant of the London, Chatham, and Dover Railway Company protested by letter against the assessment of the South Eastern Railway Company.

Chairman.

3155. The question which the honourable Member put to Sir William Stephenson was as follows: "Have you any intimation that there is a feeling on the part of several of the companies that there is greater leniency exercised in the case of some companies, with regard to the fiscal exaction, than in the case of other companies?" You say that there was a protest against something, but that falls very far short of saying that there was greater leniency exercised in the case of some companies with regard to the fiscal exaction?—The protest was, that the assessment of the South Eastern Company was not up to the mark.

3156. Was that upon the ground of want of information, or did it suggest that there had been leniency shown?—No.

3157. The point of the whole question is, whether one company was treated unjustly for which others suffered, and not whether there was a difference in the rates, but whether there was leniency shown?—An inspection was ordered consequent upon that protest.

3158. I am reading the very question to which the honourable Member refers. He said: "I am about to put a question now as to which I consulted the Chairman beforehand. Have you any intimation that there is a feeling on the part of several of the companies that there is greater leniency exercised in the case of some companies, with regard to the fiscal exaction, than in the case of other companies"?—My answer to that is, that there was a protest.

3159. On what ground was the protest?—That the South Eastern Railway Company had not paid their quota of the duty.

3160. Was that upon the ground that your board, or any other board, had shown leniency to them?—It is all connected with the return of the 900 *l.*; it is all part of the same thing.

3161. Do you not understand the difference between a protest being made on the ground of inequality, and a protest being made on the ground that leniency was shown, and that that inequality was the result of some improper dealing?—It must be leniency shown if the account was not correct.

3162. Why was it leniency if they thought that it was right?—The protesting companies consider that the South Eastern accounts had not been rendered in conformity with the arrangements.

3163. But that is very far short of saying that leniency had been shown to them. Your last answer, as I understand it, is the South Eastern Company had not rendered their accounts in the proper form?—That was the inference.

3164. I will put the question point blank to you. Was there any charge made against your office or any other public office that they had

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Mr. *Rickman.*

23 May 1876.

Chairman—continued.

had dealt unfairly with the one company at the expense of another?—The protesting companies intimated that they should refuse to pay duty any longer.

3165. I may appeal against an assessment of my neighbour in my parish in the country, but that does not imply that the parties who have assessed him did it through leniency; they may have done it through error or misconception of the facts; I think you must be able to draw this distinction. The whole point of this question is whether there was leniency, which means favouritism, on the part of the board towards a particular company, and the question is very properly put to you by the honourable Member whether you do or do not say that any favouritism took place?—We could not tell until the accounts were examined.

3166. When they were examined was there any favouritism?—There was an alteration in the mode of keeping the coaching traffic books which affected the assessment.

3167. Was it done to favour a company?—The company did it themselves.

3168. Then it was not favouritism on the part of the board?—Certainly not.

3169. Have you that protest?—I have not got it with me now.

3170. Then your answer to the question is, that you agree with Sir William Stephenson, who said that he never heard of any case of favouritism or leniency?—I do; but he heard of the protest.

Sir *Harcourt Johnstone.*

3171. You do not admit that the department have exercised any bias in favour of one company as against another?—Not to our knowledge.

Mr. *Macdonald.*

3172. It was stated by Sir William Stephenson that matters were continued to be done in the office by you as they had been done for the last eight years; that is to say, that you were continuing to make the inspections as you had done for the last eight years; is that so?—He said that the mode was precisely the same.

3173. Is that so?—I have not made any examination since the end of the year.

3174. You said, in answer to a question, that you believed it would have a tendency to keep down the railway fare, and be for the benefit of the public if your system of the exemption of all fares at and under 1 *d.* a mile, which you recommend, was adopted; do you adhere to that opinion?—Yes.

3175. Can you give any reason for that opinion?—When I first propounded that scheme, in answer to the honourable Chairman of this Committee, I said that I considered that the

Mr. *Macdonald*—continued.

exemption from duty of fares at or under 1 *d.* a mile would be beneficial to the public, as there would be a tendency to keep the fares down. I went a little further than that with regard to the urban and suburban traffic, and suggested that the exemption of the 1 *s.* fares where the railways were in competition with omnibuses, steamboats, and other modes of locomotion, would be beneficial; but that the loss to the revenue would be considerably greater than that put by Mr. Farrer the other day. I think that he did not estimate the loss so high as I did. I have endeavoured to explain the effect of the radius in large towns, and I think that I have done the best I could in getting information for this Committee in the matter. There is one question which Mr. Bruce put to me the other day. I promised to go into the repository and see the effect of the old Bills, and I am still of opinion that the estimate of 5,000,000 *l.* is too large. I find that the excursion time tables were approved by the Board of Trade in a wholesale manner, and I infer that when it became necessary for a declaratory statute to be introduced by Mr. Gladstone, it was very certain that there was a great deal to be said in favour of the companies' construction of the 9th section of 7 & 8 Vict. The Bills are here, and I find that in the earlier periods of the history of this tax the companies did stick to the obligatory train more closely than they do at present. The fact is that in 1872 or 1873 third class carriages were attached to all trains, and then it was that the great differences arose between the department of Inland Revenue and the railways, but not with the Board of Trade. There was one further statement that Mr. Farrer made, that he did not think any officers of the Inland Revenue (I do not know whether I am quite correct and whether he said "officer" or "officers") were able to check the accounts. I entirely demur to that statement. I say that I am perfectly able to check the accounts of the railways.

Mr. *Knatchbull-Hugessen.*

3176. You have been asked about a protest and some letters, and an inquiry in consequence; does not all that tend to show the great inconvenience of the necessitated interference by the officers of a Government department with the details of the working of any great industrial system?—It is inconvenient, no doubt; but I do not think the inspection of the books caused any great inconvenience to the railway officials.

3177. It must be an undesirable interference, and throws undesirable work, does it not, upon the officials themselves, who have something better to do with their time?—I take it that the collection of the revenue is the true duty of an official.

Mr. WALTER PAINE, called in; and Examined.

Mr. *Paine.*

Chairman.

3178. You reside at Worthing, do you not?—I do.

3179. You are Secretary to the Local Association for improving the present railway accommodation for Worthing, I believe?—I am.

3180. Have you signed this petition which has

Chairman—continued.

been presented through Mr. Stephen Cave?—I did; I wrote to Mr. Cave.

3181. I believe that there was a public meeting called?—There was a public meeting called at Lancing.

3182. Was that in consequence of the Brighton Company

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Chairman—continued.

Company having imposed some additional charge upon their third class fares?—It was.

3183. When was that additional charge made?—In 1874, I think.

3184. You understood that that was after some legal decision that had been given?—It was.

3185. Have you a Table showing the additional rate which was placed upon all the third class passengers going over various parts of the London and Brighton system?—I have.

3186. I do not know that we need go into the details of it; but will you illustrate your grievances by one or two instances?—There are 21 examples given of the old and of the new fares.

3187. Will you take any one example which will show the Committee how the public, in your opinion, were saddled with extra cost by the alteration of the law, and by the imposition of this additional charge?—I will take the following example: Worthing to Goring; the distance is 2 miles 40 chains; the old fare was 2½ *d.*, and the new fare is 3 *d.*; that is an increase of 20 per cent. The return from Worthing to Goring; the old fare was 4 *d.*, and the new fare is 6 *d.* I will take another instance, Worthing to Lancing; single old fare, 2½ *d.*, new fare, 3 *d.*; the return old fare, 4 *d.*, new fare, 6 *d.* I will take another, Lancing to Shoreham; single old fare, 2 *d.*, new fare, 3 *d.*

3188. There were 21 cases in which the fares were raised in that sort of way?—Yes. The lowest rate of increased fare was 11 per cent. for a single journey, and 12½ per cent. for a return journey. The highest rate of increased fare was 50 per cent. for a single journey, and 100 per cent. for a return fare.

3189. When this came into operation, the public protested against it, did they not?—Very much so.

3190. And they had a public meeting?—They had.

3191. Is it a fact within your own knowledge, that this increase of fares is a sensible grievance to the public travelling upon this system?—It is a grievance that is very strongly felt indeed.

3192. And you ask that the company may be relieved from this tax, in order that the public may not have the additional fare imposed upon them?—I do.

3193. What guarantee have you, or what is your reason for supposing, that if the tax were taken off, the fares would be altered to their original amount?—We think that if the fares were brought back to their original figures the company would have an opportunity of showing whether they were disposed to meet the legitimate requirements of the public by reducing the fares which now press very heavily upon the lower class of passengers.

3194. Are you under the impression that if this tax were remitted you, the public would be the gainers?—We think so.

3195. That is your conviction, and I presume that if it had not been for that you would not have held these public meetings and taken this trouble?—Certainly not; that is our view.

3196. And I believe that there are two other gentlemen prepared to speak to the same facts?—I believe so.

Mr. *Macdonald.*

3197. What reason have you for believing that you would be in a better position if the duty were removed?—We understand that the payment of the passenger duty tax has necessitated an increase of the lower class fares.

Mr. *Macdonald*—continued.

Mr. *Paine.*

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3198. Do you know what the per-centage of the passenger duty tax is?—I have not gone into that at all.

3199. Is it 5 per cent.?—I am not able to answer that question; I have not studied that; I believe that it is 5 per cent.

3200. If the passenger duty is 5 per cent., and the railway company have increased their fares 100 per cent., have you any guarantee that they would be honest to you if the duty were removed altogether?—We think that we should like to give the railway company a chance.

3201. Do you mean a chance of pocketing the other 95 per cent., seeing that they have got 95 per cent. by this transaction?—No, that is not my answer.

3202. The duty is 5 per cent., and you say that in certain instances they have charged 100 per cent.?—Yes.

3203. That is to say, they have charged 95 per cent. more than the duty is?—Yes.

3204. Have you any guarantee that they would not continue to exact that 95 per cent.?—No.

3205. Is it likely that a company that adds to its fares 95 per cent. more than the tax adds to them, would, if they could keep it in their pockets, give it back to the public?—I think that they would, if they say that it was to their own interest to do so.

3206. Have they not thought that it was to their own interest to take the 95 per cent.?—Yes; and I do not think that it has been a success to the companies.

3207. Do they continue to exact it?—They continue to charge these excess fares of which we complain.

3208. Are they not the best judges of their own interest?—Not always, I think.

Mr. *Leighton.*

3209. Has the increase of fares reduced the number of passengers; and, if so, how much?—It has reduced them very materially.

3210. Can you give us anything like the numbers?—If you will allow me I will quote from the figures of the last report of the Directors of the Brighton Company to their shareholders.

3211. Is that since the increase of fares?—It is. It appears that the number of third class passengers was, for the year 1875, in the proportion of nearly four to one; that is to say, out of a total number of 25,000,000 passengers 20,000,000 were third class passengers. Then the report exhibits this, to my mind, extraordinary fact; that notwithstanding the great increase in the third class fares, ranging, as is stated in the petition, from 10 to 100 per cent., the progressive rate of increase in the money received from third class passengers for that particular year to which I am now referring, 1875, was not maintained; that is to say, whilst the amount of increase in money was 43,077 *l.* in 1873 over 1872, and 41,845 *l.* in 1874 over 1873; the amount of increase in 1875 over 1874 was only 33,000 *l.*; thus showing that the progressive rate of money increase was 20½ per cent. less in 1875 over 1874, than in 1874 over 1873, or in 1873 over 1872.

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Mr. *Paine.*

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Chairman.

3212. That would show that fewer people had travelled?—It does.

Mr. *Leighton.*

3213. I suppose that the railway companies know their interests better than people, like yourself, who have nothing to do with railways?—We give them credit for knowing their own business better than outsiders.

3214. Therefore if they find it better to charge higher rates, I suppose that they are doing it in their own interests?—Clearly, and not for the interests of the general public; we do not come forward in the interests of the railway company.

3215. You come forward in the interests of the public, thinking that by these means you will be able to get lower fares?—Clearly.

Mr. *Knatchbull-Hugessen.*

3216. You do not come forward in the interests of the railways, but you do not think that the railway companies are always the implacable foes of the public, as they are represented to be?—Clearly not.

3217. It is the object of the railway companies to pull well with the public, and by giving them as great facilities as possible to secure the traffic, is it not?—Quite so; and we think that if the grievances of the public are fairly put before the railway companies those grievances are oftentimes redressed.

3218. You think that, when by relief from taxation or by any other means reducing the expenses of a company it gains somewhat, it is not unwilling to share that gain with the public?—I think so.

Mr. GEORGE FINDLAY, called in; and Examined.

Mr. *Findlay.*

Chairman.

3219. YOU are the Manager of the London and North Western Railway, are you not?—I am.

3220. The Committee have had so much evidence already that they do not propose to take you through the historical part of this question. Have you read the evidence that has been given generally?—I have read the greater part of it.

3221. The question to which I wish to direct your attention is the effect which the imposition of this duty has upon your company, and also upon the travelling public; and first I would ask what is your view with regard to the tax itself?—As to the policy or impolicy of the tax, I think there is no doubt that the tax tends materially to interfere with the question of low-priced traffic, that is to say, with the extent to which the public make use of the railways.

3222. You agree with the other witnesses who have been called, as to what I may speak of as the impossibility of carrying out the law so as to entitle you to exemptions?—I think so quite.

3223. Being of that opinion, what change would you suggest in the collection of this duty?—First, if it is impossible to repeal the tax altogether, which to a certain extent of course is a fiscal question, it is very desirable indeed that the duty should be removed from all fares of 1 *d.* a mile and under, and that all gross fares under 1 *s.* should be also exempt from duty.

3224. The effect of that exemption of the fares of 1 *s.* would be practically to give full exemption to the Metropolitan lines, would it not?—Not only to the Metropolitan lines, but to the lines in and around all the large towns and centres of population, such as Liverpool, Manchester, Birmingham, and other places.

3225. You have not exercised the right which you have of putting on an additional charge, have you, since the law was altered?—Yes; since the decision in the House of Lords we have, as far as possible, added the duty to the fares.

3226. What per-centage of duty have you added?—We collect from the public upwards of 55,000 *l.* per annum on third class traffic.

3227. What is the amount of duty which you have to pay?—The total amount of duty that we pay is about 143,000 *l.* per annum. We pay upon first and second class traffic 66,582 *l.* On third class traffic we pay 76,375 *l.*; but of the latter we recover 55,000 *l.* odd by the imposition of the duty upon the third class traffic.

Chairman—continued.

3228. Have you been able to trace at all the effect upon the public of this increase of fare that you have put on, as to whether there is a less number of people travelling, or whether it is simply that they have had to pay more for their journies?—I have not any statistics before me to show exactly the extent of it.

3229. I ask you in consequence of the evidence given by the last witness, who spoke not from a railway point of view but from a public point of view, and said, that although the Brighton Company had increased their fares, still the receipts had not been at all in the same proportion as they had been in previous years; I do not know whether you have had any experience of that sort or not?—We have not.

3230. In 1871 you gave a very perfect service for third-class passengers, did you not?—In common with all the other railway companies, at or about that time, we commenced to carry third-class passengers by our fast or express trains. Previously, although we gave a very good third-class accommodation, third-class passengers were excluded from the fastest trains; but from that date we carried third-class passengers by all, I think, except the limited mail, and that only during a part of the season.

3231. You conveyed third-class passengers between London and Liverpool and London and Birmingham twice a day, did you not, by two trains?—That was the practice previously to 1871, but since that time we convey them by all trains.

3232. What is the time that is occupied by those third-class passengers in getting from London to Liverpool?—About five hours.

3233. Supposing that you were to comply with the Act of Parliament, stopping at every station, it would take them nearer five days, I suppose?—It would take some 15 or 16 hours, stopping at every station.

3234. You do not do that?—We have no trains practically running from London to Liverpool stopping at every station.

3235. Have you in your system to meet any competition from other modes of conveyance?—We have; in London we are subjected to the same kind of competition as the other metropolitan

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Chairman—continued.

politan railways are subjected to, because we own the Hampstead Junction, and are joint owners of the West London Extension, the West London, and other lines in and round about London, and to the extent that the other metropolitan companies feel the competition, we feel it also.

3236. Have a great many of your third-class fares been fixed at less than 1 *d.* a mile?—A very great many, indeed, not only for the short distance traffic, but even in the long distance traffic. For instance, the fares from London to Glasgow, from London to Edinburgh, or from London to Aberdeen, are all fixed with reference to the competition by the sea.

3237. Do third-class passengers go by express trains?—They go by express trains; but still in none of the cases that I have given do we get the full 1 *d.* a mile, or anything like it.

3238. I believe that in South Wales also, on your lines, a great many workmen and colliery people are carried from their homes to their work, and from their work to their homes?—We have, both in South Wales and in the Staffordshire district, the Cannock and Rugeley district, arrangements for the carriage of several hundreds of colliers from the adjoining towns to their work in the morning, and back at night at very low fares indeed, the fares being about seven-tenths of a penny in some cases, and four-tenths of a penny in others. In those cases, of course, we are indemnified by special contract with each man against liability from accident.

3239. Do you give weekly tickets to those people?—The arrangement is generally a contract for a number of men, the arrangement being made through the owner of the colliery, either in a monthly or annual payment.

3240. Are those fares exempt from duty?—We do not pay duty upon them; I am not quite clear whether we ought not to do so, but from inquiry that I have made this morning, I find that we are not paying duty upon them.

3241. At what rate per mile, on an average, are those persons carried?—From four-tenths of a penny to seven-tenths of a penny per mile.

3242. It has come out in the course of this inquiry that the number of third-class passengers has very much increased of late; to what do you attribute that?—I think that it will be shown, and in fact our experience is, that the large increase in third-class traffic is in and round about the great centres of the population. I believe that for any distance within 15 or 20 miles of London, or of Birmingham, or of Liverpool, or of Manchester, by very cheap fares, taking the workmen and artizans to live in the country rather than leaving them in the centres of population, there is practically no limit to the increase in third-class traffic for short distances; and our experience on the other hand is that notwithstanding our carrying third-class passengers by the fastest trains, there is a comparatively stationary traffic for long distances. For instance, no third-class passenger makes a journey between Aberdeen and London unless from necessity, it is a long, costly, and tedious journey: and we find that the long traffic is nearly stationary, whilst the great increase of traffic is in the short distance traffic in and round about the centres of population.

3243. You say that a great deal of that traffic is carried at fares considerably under 1 *d.* per mile?—Considerably under 1 *d.* per mile.

Chairman—continued.

3244. Mr. Melvill said that if there were a remission of the duty it would be necessary to have some board, or some Government officer, to look after the railways, and to see that they complied with the wants of the public; do you believe that the self-interest of the railway companies would be far superior to any supervision that might be exercised over them?—I do, for this reason, that whatever decision may be come to by Parliament upon this question, I do not believe that it is competent for any officer of any public department, let him be of the greatest ability and knowledge with regard to these matters, to give an opinion with confidence, and to act with confidence, and to say, taking our own London and North Western time bill, "This is a public convenience, and that is not a public convenience."

3245. You mean that you would know best, and probably that you would have means of knowledge which a public official could not command?—It took me many years of experience, and I have now been some 15 years with the London and North Western Company, and I know it was the case with my predecessor; it takes years before you can act with decision, and know confidently that you are doing right when any complicated question of train arrangements comes before you; and besides that you must be assisted by the experience of your local officers. It would be quite impossible for an official of the Board of Trade, admitting everything in his favour, to deal with questions of public convenience on all railways in the way in which they ought to be dealt with.

3246. And the public do not know always what is best for themselves?—We find that there is often a great difference of opinion.

3247. You have told us about the reduction of all fares under 1 *d.* per mile; Mr. Farrer made a suggestion that the duty should be reduced from 5 per cent. to 3 per cent. upon the gross passenger receipts without any exceptions; what is your view with regard to that?—Although Mr. Farrer, in the statement which I read, showed that the London and North Western Company would be one of the companies benefited to the extent of some 40,000 *l.*, yet he left out of his calculation that we should still lose the 55,000 *l.* a year which we recover from the public by way of duty. If Mr. Farrer's suggestion was carried out, and we were not at liberty to charge the 5 per cent. upon the third class that we now recover from the public, instead of standing to gain we should stand to lose. But still I think it would so disturb the present relative position of the companies with regard to the passenger duty, that I should not be in favour of it. It would benefit some companies, but it would be adverse to others.

3248. You think that 3 per cent., without remissions, would not put the companies in a better position than 5 per cent. with the exemptions to which they are entitled?—I think not.

3249. Is there not a great difficulty now, supposing the law is not altered, in your company putting themselves in a position to claim exemption?—There is a great difficulty; but we have endeavoured to surmount it in the best way we possibly can by the arrangement with the Board of Inland Revenue.

3250. And that arrangement, if the evidence is

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Mr. *Findlay.*

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Chairman—continued.

is right, is not in compliance with the existing law?—Not at all in our case, and it differs with regard to the different companies.

3251. Therefore, to push it to its extreme, you, the London and North Western Company, in many cases could not have any exemption at all; and, therefore, it would be a question whether 5 per cent. with exemption, or 3 per cent. without exception, would be more unfavourable?—I think that it was admitted, either by Mr. Melvill or by Mr. Rickman, that the plan adopted by the London and North Western Company was the nearest approach to an accurate assessment of the tax; but even in that case they have to give up the question of the train stopping at every station. They chose large centres of population, and trains which stopped at every station within a certain distance, or something of that kind, were admitted to be a compliance, although literally it was not a compliance with the Act.

3252. Therefore, practically, unless the Board of Trade acquiesced in this arrangement, you would have no right at all to exemption?—No; I consider that the whole position of the question at the moment is a compromise between the Board of Inland Revenue and the railway companies. It is a state of things that cannot go on, I am sure. We have made probably the fairest arrangement we can by assessing it upon the number of tickets issued. Other companies have taken the mileage principle, and others have taken the per-centage principle. Supposing that one of them was right, they cannot all be right.

3253. Do you express an opinion that if this tax were remitted, or reduced, the public would be gainers in consequence?—Decidedly so; in our case, as I have shown, they would immediately be gainers to the extent of 55,000 *l.* a year.

3254. In regard, also, to indirect advantages, not only of third-class passengers but of the general economy of your railway traffic, do you think that you will be more free to act, and that you could work your traffic with greater ease and convenience to the public?—I think so, decidedly.

Mr. *Samuda.*

3255. You are in favour then of such an alteration in the tax as would change it from the present 5 per cent. with exemptions, to a smaller sum without exemptions?—No, just the opposite. I am in favour of the total remission of the tax, if possible; but if for fiscal reasons that is impossible, then I say that it would be better to exempt all third-class fares, or fares under 1 *d.* a mile, than to adopt the principle of commuting the tax upon the 3 per cent. scale suggested by Mr. Farrer.

3256. Even though the change told beneficially upon your annual receipts?—I doubt whether it would tell beneficially, as I have endeavoured to explain.

3257. I find by a statment which has been put in before the Committee that you pay now something like 143,000 *l.* a year; but if you pay 3 per cent. upon your gross traffic, instead of paying 5 per cent. with exemptions, you would pay 86,000 *l.* a year; therefore the difference that would be in your favour would be, roughly, about 50,000 *l.* a year, would it not?—Yes; but that leaves out of the calculation the fact that we recovered 55,000 *l.* from the third-class passengers.

3258. Your 5 per cent. duty would be

Mr. *Samuda*—continued.

156,000 *l.*, and you recover 14,000 *l.*?—Out of the 143,000 *l.* that we contribute in the way of railway passengers' duty, we get from the third-class passengers 55,000 *l.*, in addition to the fares, by the power that we have under our Consolidation Act, 1846.

3259. A Paper has been handed in to the Committee by Mr. Farrer, showing for each of certain railway companies for the year ending December 1875, in the first column, what 5 per cent. upon the gross passenger receipts would amount to; this Paper shows against the London and North Western Company that 5 per cent. upon the gross passenger receipts, represents 156,000 *l.* (leaving out the odd figures), and that the sum which they are recouped under the exemption clauses of the Cheap Trains Act, is 14,800 *l.*; if that be correct, it would show that you pay a net sum of 143,300 *l.* a year?—Yes; but allow me to say that we receive, by way of adding the duty to the first and second-class traffic, in round figures, 30,000 *l.*; and that by the addition of the duty to the fares of the third-class traffic, we receive 55,352 *l.*; and then the balance of that represents the sum actually paid out of the pockets of the London and North Western Company.

3260. Do I correctly understand you to say that, in addition to the sum which you are recouped out of the duty, you recoup yourselves a further sum of 85,000 *l.* a year by charging an additional fare?—Yes; by charging, in fact, 5 per cent. additional upon the passenger fare.

3261. In your particular case, I think you have permission to charge this duty in addition to the Parliamentary rate?—Yes. I may as well say that that was a power conferred upon the London and North Western Company by their amalgamation of 1846, when there was a consolidation of their toll powers. The previous toll powers were considerably modified and reduced, and the power was given to charge, in addition to the fares, 5 per cent. Government duty.

3262. But a very large proportion of your fares are considerably below your Parliamentary maximum, are they not?—Yes, I think that may be assumed.

3263. Then if your fares are within your Parliamentary maximum, there would be no legal obligation upon you to reduce your fares if the duty were taken off, would there?—In the case of the first and second class fares there is no doubt that they are largely within our maximum power; but I think that the third-class fares are not so much within, yet they may be within the Parliamentary maximum.

3264. You have told us that they are in some instances very considerably below the Parliamentary maximum?—At all competitive points no doubt that is so; but then the London and North Western Company covers a large extent of country, and bearing in mind that the average journey of a third-class passenger is a very short distance, for those short distances in inland districts I have no doubt that we are charging up to our full power.

3265. But at any rate, whenever the fares are within your Parliamentary maximum, what security would you offer to the public that if the duty were taken off you would reduce your fares?—I think we should do so at once by taking off the duty we put on.

3266. But if you came under no legal obligation

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Mr. *Samuda*—continued.

tion to do it, why would you do it?—One of the conditions that we are willing to place ourselves under is, that if the duty upon all third-class traffic is removed by Parliament, we would at once remove, to the extent that we had previously added, the 5 per cent. that we are empowered to charge.

3267. But the addition which you have made has not been by reason of any compact which you have entered into with the public or with Parliament?—No; but the duty was not charged previously to the decision in the North London case. We put on the 5 per cent. on the 1st of November 1874, expressly to protect ourselves from loss.

3268. You put on, therefore, what was the fair equivalent for the increased cost that you were called upon to pay?—For the tax which we were called upon to contribute.

3269. Were you in the room when the previous witness was examined, who stated that another company had doubled the penny fare when they were called upon to make a corresponding addition to their fare by reason of having to pay this duty?—I did not hear that evidence given; I happened to be outside at the time.

3270. I want to know what security the public would have that the railway companies would uniformly act with the same degree of fairness, as you say you would be prepared to act with, provided that this duty was taken off?—That all comes to a question of understanding and good faith; I cannot say more than that.

3271. But is it a question of good faith; is any faith involved in it at all; if you are still within your Parliamentary limits, would it not be a question of the advantage or otherwise which you might derive from the change of your fares?—To those points where there is competition, of course, we could not put on the duty; and with regard to these places where there is no competition where we have added the duty, I say, unhesitatingly, that we are prepared to withdraw it; but if you ask that where we carry under our maximum we should not, from any circumstance that may arise hereafter, go back to our maximum fares, I am not prepared to give any such pledge.

3272. For instance, if there were a rise in the price of coal, equal to the amount you got quit of in regard to duty if the duty were taken off, supposing that you were within your Parliamentary limit, would you consider yourself justified in keeping your present fare so as to maintain your present dividends?—I think that it would be very doubtful policy, because the question of increased working expenses is always one of fluctuating quantity, and I believe that the alteration of the passenger fare to a very slight extent materially affects the quantity of traffic. Increasing the fares, I believe, reduces to a certain extent the use of railways by the public, and therefore I do not think that it would be policy to do so by reason of any increase of working expenses. My own experience is that the tendency of fares is downwards instead of upwards.

3273. Therefore your impression is that if you could reduce your expenses in the shape of duty, there would be other causes which would induce you to reduce proportionately the fares to the public?—I think so.

Mr. *Samuda*—continued.

3274. And therefore you think that the public would in that way get the benefit of it?—I think it would.

3275. That would be the case if you reduced the expenses in any way, because after all you put it, I see, and it appears reasonable so to put it, that the amount which you have to pay in duty is an amount to be added to your expenses, which must be recouped somehow?—That is so.

3276. Whether that was taken off in one form by the reduction of the general per-centage to 3 per cent., having the effect of taking off 50,000 *l.*, or whether it was taken off by excluding all fares under 1 *d.*, equally having the effect of taking off 50,000 *l.*, your inducement to reduce your fares to the public would be the same, would it not?—It might be so, but still I think that the latter mode would be the preferable one.

3277. Do you think that it would be preferable, presuming that the results obtained were identical, or do you think that it would be preferable inasmuch as you would obtain a greater amount of remission?—The results might be identical at the moment, but what I see in the future is that there will be a constantly increasing third-class traffic, and it is with regard to that increase and the future extent of the third-class traffic that I should object, I think, to compound the passenger duty at a fixed per-centage rather than exempt the third-class traffic.

3278. Therefore you are favourable to excluding the cheap traffic?—Our experience with regard to the increase of third-class traffic is, that that is the traffic which has increased both in number and in revenue to the largest extent; and I think that what has been our experience with regard to the last five or six years will continue to be so with regard to the future; and in that respect, not only in the interest of the companies but in the interest of the public, it would be desirable to exempt the third class as a class if exemption is given at all.

Sir *Harcourt Johnstone.*

3279. It is impossible, is it not, to judge of the prohibitive effects of an additional charge like a passenger duty from year to year unless the conditions of one year are similar to those of another?—That is so.

3280. In years of great prosperity, people travel more, and in years of diminished prosperity they incline to travel less?—That is the case.

3281. But the effect of retaining the railway passenger duty must necessarily be prohibitive upon the third-class traffic, must it not?—Without being prohibitive, I believe that, to a certain extent, it must check the development of third-class traffic.

3282. They cannot go into a lower class; but they are obliged, are they not, to go by those slow trains called Government trains, if it is at all a question of economy with them?—That is so. It is essentially a question of economy with them, and they choose, no doubt, the cheapest mode of conveyance.

3283. Therefore, practically, those who wish to be economical are taxed as a class by the Government regulations for their own convenience?—To the extent that I have shown in our case, it is so; but all companies have not adopted the same policy as we have.

3284. And to that extent it is an interference with free locomotion, is it not?—It is.

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Mr. *Findlay.*

23 May 1876.

Mr. *Bruce.*

3285. You mentioned the circumstances under which the power of adding the tax to the maximum fare was given to the London and North Western Company: it was in consequence of a revision of the fares, was it not, at that particular time?—It was at the time of the amalgamation, in 1846, of the London and Birmingham, the Grand Junction, and the Manchester and Birmingham Railways. At that time, very early in the history of railways, there was a consolidation of the toll powers of the companies; and in consideration of reductions being made in the previous toll powers, power was given to charge the railway passenger duty additional.

3286. Your present maximum rate is 1 *d.* a mile, is it not, for third-class passengers?—It is.

3287. You have a short distance clause, have you not?—We have a six-mile short distance clause.

3288. So that you can, if you like, charge 6 *d.* for any distance under six miles?—Yes; with regard to all except one Parliamentary train a day.

3289. Of course, if you do so you will lose the exemption in respect of any train in which you do it?—Yes.

3290. As a matter of fact, all your third-class fares are 1 *d.* a mile, and the immense majority of them I presume are up to 1 *d.* a mile, are they not?—Yes, a large majority of the local third-class fares are, I should say, at the maximum. The long-distance fares, and those immediately surrounding the large centres of population, are not at the maximum, but, as a rule, I should say that the larger portion of them are.

3291. The third-class passengers, by your long-distance trains, do not form a very large number out of the total number of your third-class passengers, do they?—They do not; and, as I have already stated, there is a less tendency in that class of traffic to grow than the short distance third-class traffic.

3292. Is it your opinion that in short distances a high third-class fare does stop traffic?—Yes, we have had experience over and over again, that a mere alteration of 1 *d.* on a fare, between two towns that are close together, lessens the number of people using the trains.

3293. But in the long distances a variation in the fares does not affect the traffic very much, does it?—The long-distance journeys are journeys of necessity, and anything within a reasonable limit does not affect the traffic to the same extent as in the shorter distances.

3294. As regards the sums which you mentioned as the amount which you recover from the public in the way of tax, all that amount is on fares which are at their maximum, is it not?—Nearly all; but perhaps it would be scarcely quite accurate to say that all were.

3295. So that all of that sum, or nearly all of that sum, would of necessity go back to the public if the duty were removed whether you liked it or not?—The whole of it would.

3296. You would have no power of charging it?—We should not charge it.

3297. You mentioned, did you not, that in some of the places where you have competition you have not added the duty where you were under your maximum fare?—In most of the cases where we have competition, such as to Liverpool, to Manchester, to Carlisle, and other

Mr. *Bruce*—continued.

places, I think that we are rather under the maximum than otherwise, and we have not added the duty.

3298. In those cases the taking off of the duty would not of necessity make you reduce your fares, would it?—It could not.

3299. But those are a part of the long-distance traffic, which is a small proportion of your total amount?—That is so.

3300. Did you happen to hear the evidence that was given by Mr. Allport the other day on that subject?—I was not in the room, but I have read Mr. Allport's evidence carefully since.

3301. Mr. Allport stated, I think, that it was in the contemplation of his company, in the event of this tax being continued, to add the duty to the third-class fares?—I read that statement on the part of Mr. Allport.

3302. If the Midland Company adopted that policy, I presume that in the places in which you are competing with them, the same effect would follow as regards your fares?—The converse was the case. When the Midland objected to add the 5 per cent. duty to competitive points, we were unable to do it; and no doubt by an arrangement, if they consented to add the 5 per cent. to the competitive places, we might add the 5 per cent. also.

3303. If they feel compelled by the continuance of the duty to do so, you would probably feel compelled to do the same thing?—I think we might.

3304. On the other hand, if the duty is withdrawn as you say, you would not be compelled to take off the amount of the duty from the fares to those competitive places, but is it not the case that where there is competition there is always a strong pressure upon the companies to reduce their fares?—I have endeavoured to explain to the Committee that by force of competition, and by the pressure which is brought to bear upon the part of the public upon the different companies, the tendency of all fares and rates of every class is downwards, and it is difficult to resist the pressure.

3305. So that if these competitive trains were relieved from the duty of 5 per cent., you believe that the tendency would be that some of the companies competing would urge a reduction of the rates, and the rates would ultimately be reduced, as they would have a less outlay upon their trains?—I think that the tendency is all in that direction. Our great difficulty is to find the mean rate, that is to say, the rate that is the most paying to the company, and the rate which would encourage the largest extent of traffic.

3306. But if you had a distinct charge taken off your trains, as you would have if the duty were remitted or reduced, you would be, to that extent, in a better position to offer lower rates than you were before, would you not?—We should.

3307. You mentioned the proposals for exemption which have been mentioned in this room once or twice; was it before the late decision of the House of Lords, under the authority of the Board of Trade, that you claimed exemption for third-class passengers in a great many of those non-stopping trains?—It was.

3308. And I presume that under those arrangements, practically, the greater proportion of your traffic up to or under 1 *d.* a mile, was exempt from duty?—That is the fact. All the travellers travelling

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Mr. *Bruce*—continued.

travelling long distances by non-stopping trains between Liverpool and Manchester and London, were exempt under the previous arrangement; but now on all that traffic we pay the duty, notwithstanding that we do not collect it from the public.

3309. When you made the arrangement for giving this great increase of accommodation to third-class passengers, you were under the impression that the exemption would still remain, were you not?—We were, and we submitted our time bills to the Board of Trade, and they were so approved, and for years they were exempt.

3310. So that the remission of duty on all fares under 1 *d.* per mile, which was the suggestion of Mr. Rickman, would practically bring you back to much the same state as you were in when you made this arrangement before the decision of the House of Lords as far as those trains are concerned?—I take it that we should be relegated to very nearly the same position; if we withdrew the 5 per cent. that we have added, the position of the public and of ourselves would be exactly the same.

3311. As regards the remission of the duty on fares under 1 *s.*, I presume that your reason for supporting that is, that that 1 *s.* radius would probably meet the direct competition of omnibuses and tramways, and such like means of conveyances?—Yes, and it would be the means of encouraging the large suburban traffic which is growing up, not only around London, but around every large town or city in the kingdom.

3312. Have you any competition by tramways upon your line?—Yes; we have it at Manchester, and to a certain extent in Liverpool, where we have competition with the tramways running upon the dock lines; in Birmingham we have omnibuses, and there are tramways also; and so far as we are the owners of the Hampstead Junction, of the West London, of the West London Extension, and of the North and South Western Junction, and as running trains to Kew and Richmond, and as regards our interest in the North London, we are affected to a very large extent by the competition which exists round about London.

3313. Have you any direct facts to show that that competition has diminished your traffic?—I cannot exactly speak as to the diminution of traffic, but that it has caused us to charge very much reduced fares to all those places, I have evidence to show; I cannot put my hand on the paper, but it is a fact, that to Stockport, and to places round about Liverpool, particularly on our line from Edgehill to Bootle, we have a direct competition with omnibuses, and our fares have to be arranged accordingly.

3314. You have a large interest in the North London line, have you not?—We have a very large interest in the North London line to the extent of at least three-fourths of the ordinary share capital.

3315. Do you know how the tramways have affected the North London line?—Yes, that was very fully explained by Mr. Mansell; I have read Mr. Mansell's evidence, and it goes very carefully into the detail of it, and anything that I could add would be only in support of what he explained to the Committee; I quite concur in what he said.

3316. Do you know whether there was an actual diminution in the returns of the North London line on the opening of the tramway to Dalston?—I know particularly that case where the opening of the tramway reduced the railway traffic to a very great extent.

3317. You do not know the exact amount?—No, I have not got the figures, but I could get them.

Mr. *Bruce*—continued.

Mr. *Findlay*.

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Mr. *Knatchbull-Hugessen*.

3318. You stated that you found it rather difficult to change the fares as a rule; but with regard to the addition that you have made which you have been mentioning just now, I suppose when there is a plain reason intelligible to the public, why you should raise your fares, they do not grumble so much at that, and you can do it with safety?—In very few cases within my experience, which extends now over a good many years, have I found that any advance of fare has been made, except this advance of 5 per cent. upon the third-class fare.

3319. That advance you made for a specific reason easily understood by the public, did you not?—We did.

3320. And although there may be no legal obligation, yet the public would have a right to expect that you would make a reduction, supposing that the duty were afterwards remitted?—I think they would, and I am prepared to say that we should do so.

3321. And not only with respect to yourselves, but with respect to all the other great railway companies, would you not say that it is rather an erroneous view to take of them, that they are the enemies of the public, and desirous of oppressing the public; but that the correct view is rather that they are desirous of giving the greatest possible facilities to the public, especially as upon the patronage of the public, dependent as that must be upon the facilities received by the public, their prosperity depends?—Yes, our great customers are the public, and there is no greater mistake than to suppose that the railway companies' interest is adverse to or different from that of the public.

3322. As a matter of fact, have you any doubt that by far the greater proportion of this tax is paid by the travelling public?—In our case I have shown it to be so, and there are other companies in the same position as ourselves.

Mr. *Leighton*.

3323. I think you agree that competition governs the fares, do you not?—To a great extent.

3324. In your case, you think that the public pay the duty chiefly, do you not?—I think that it is upwards of 70 per cent. of the tax that we recover from the public.

3325. Do you think that in the case where the public pay it, it is injurious to the company or an injustice to the company?—I do not advance that opinion at all.

3326. You suggested, in one of your alternative proposals, did you not, that supposing that for fiscal reasons it was necessary to keep on the tax, all fares under 1 *s.* should be exempt?—That all fares under 1 *s.*, and all fares at or under 1 *d.* a mile, should be exempt.

3327. Is the exemption which you propose under 1 *s.* in order to avoid the untaxed competition of omnibuses, and so on?—That is my view; to meet more effectually the competition

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Mr. *Findlay.*

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Mr. *Leighton*—continued.

that we have to contend with from omnibuses and tramways.

3328. It would affect the short-distance passengers all over the kingdom, would it not?—Quite so.

3329. And therefore it would affect a vast amount of traffic where there was no untaxed competition, would it not?—It would no doubt affect towns of less importance where there is no omnibus or tramway competition, as well as other towns where the competitition is keener.

3330. Can you give me an idea of the proportion of your fares which are under 1*s.*?—I am afraid I could not give you that; but it would be a large proportion.

3331. The fares under 1*d.* a mile are by far the largest in number, are they not?—Yes; our third-class traffic and Parliamentary traffic is 53 per cent. of the whole; there is a gross passenger traffic of upwards of three millions per annum, and more than half of that (probably more than a million and a half) is paid by the third-class passengers.

3332. Then the result, however beneficial to the public, would be to exempt you from taxation to the amount of more than half of your gross receipts?—That would be exempting us to a certain extent, and the public to a greater extent, because I have shown that we recover a large sum from third-class traffic by adding the duty, and we are also exempt, I think, from 14,000*l.* or 15,000*l.*, by the approval of the Board of Trade.

3333. But this proposal would have the effect of taking off the duty from more than half your gross receipts, would it not?—Yes; irrespectively of its effect either upon the public or upon the company there is no doubt that more than one-half of the gross passenger receipts would be exempt from duty.

3334. I think you said that the third-class long distance passengers travelled of neccssity, but that the short distance passengers did not travel of necessity; I presume that you mean that a good deal of it was pleasure traffic?—There was a good deal of pleasure traffic. I was giving that more as the result of my experience, not only of the London and North Western Company, but of another great company in a case which was recently heard before the Railway Commissioners; that is to say, that the great tendency of the third-class traffic for short distances was to increase in a much larger ratio as compared with the long distance traffic.

3335. What I meant was that it was traffic which was not of necessity?—I think you may take it that the third class, or the working population of the country, do not take those long journeys from Wales or from Ireland, or from Scotland to England without a real necessity. It is a costly thing for them to undertake unless on a change of situation or employment, or some great emergency.

3336. Do you think that it is fair that pleasure traffic should be exempt from taxation?—It forms so small a proportion of the whole, that I think if you exempt one class of cheap traffic you should exempt the other.

3337. I thought that the short distance cheap traffic was by far the largest, and that the short distance cheap traffic was not the traffic of necessity, and therefore I put it that it was pleasure traffic?—I think that you must take it

Mr. *Leighton*—continued.

in this way, that the short distance traffic is not of necessity, perhaps, so much as of convenience and economy, and advantage to the working men as enabling them to live in the suburbs instead of living in the heart of a large town.

3338. Do you think that convenience and pleasure are not a fair subject for taxation?—Certainly not convenience, and I think that the pleasure part of it really comes back to the question of whether excursion traffic should be exempt.

3339. This third-class traffic is increasing, you think, and especially the short distance traffic?—I think so.

3340. Do you think that the continuation of the tax would really have much effect in checking the increase of that traffic?—It is a question of degree of course. To a certain extent I think it would have that effect; but to the extent of 5 per cent. out of 100 only where the duty is charged.

3341. We can put it in this way, with regard to short distance traffic, can we not: The short distance traffic is that in which there is always, or almost always, competition?—In the busy centres of population, certainly.

3342. And where there is competition it is the competition which governs the fares and not the duty?—It is the competition which governs the fares and not the duty.

3343. And therefore you would hardly put the duty on the short distance fares, would you?—With regard to that, it is only a matter of fairness to the railway companies that if they have to compete with an untaxed competition, they themselves should be free from the tax.

3344. That stands upon another footing, does it not?—That is another issue.

3345. Then we get to this: that the public would not benefit, but that the companies would, by the remission of this tax?—Then I think it becomes a question of equitable and fair dealing towards the companies.

3346. You would divide the control over the companies from taxation, would you not?—Yes; I think that the control that was given under the old Act, and which was contemplated in those days, was given under the impression that it was not the interest of the railway companies to give the public that convenience and advantage in the use of railways that they ought to give. We have got past that state of things. The control, so far as it has been exercised by the Board of Trade, is a mere mechanical control; they had to see whether the time-bill of the company showed a train stopping at every station from end to end; they were no judges, nor could they say whether the hour fixed was a convenient hour or otherwise. All that has gone past, as I have already stated; and to give the Board of Trade, or any other public department, the power to say what was public convenience in the regulating and working of railways, is a thing impossible in itself, without the training and technical education which we have all had to submit to during so many years, no officer of the Board of Trade, I think, if he were asked the question, would, short of the State taking the railways altogether, like to take that position. They could not set up their opinion against that of the railway officers.

3347. But the control and the taxation do not, in your mind, go in any way together?—No; I think

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Mr. *Leighton*—continued.

think that if the taxation were given up it should be free from control, and that the railway companies should be left as they are, to give the best system of trains in the convenience of the public that they possibly can. It is our interest to do it, and we are very anxious to increase our revenue from every possible source.

Mr. *Macdonald.*

3348. Did you raise the fares between London and Manchester and London and Liverpool, when you raised the fares elsewhere in virtue of the new arrangement?—To all those places that were affected by competition by the Midland Company, or by any other company, we did not add the duty.

3349. So that although you were compelled to pay the duty, you did not exact it from the public?—We were obliged to charge the same fares as our competitors were charging, and in those cases we did not add the duty.

3350. You say that you acquired *55,000 l.*, I think; I presume that you have charged that on fares to places where there is no competition?—That is mostly the case where we have had the power to do it, and where there has been no competition we have charged the 5 per cent. upon the public. Where there has been competition, either from railways or steamboats, or any other cause, we have not charged it upon the public.

3351. In your great railway system, have you charged equal fares for equal distances prior to the present time?—I am not quite sure that I apprehend your question. We have not charged an equal mileage rate at any time, but to all places where we come into competition with any other company, or any other mode of active competition, we charge the same price to the public as our competitors charge.

3352. Therefore you are entirely guided in the arrangement of your fares by the competition that exists, are you not?—It is a simple commercial transaction. If we charged more than our neighbours, we should not get our passengers.

3353. Then where there is no competition, you may charge 100 per cent. more than you do to other places?—Of course it is an extreme proposition; but if we are within our powers, we may charge, as the honourable Member says, 100 per cent. more.

3354. Did you hear it stated here to-day that 100 per cent. was charged by another railway company?—I happened to be out of the room when that statement was made, but I believe it was made.

3355. Have you in any case charged, instead of 5 per cent. 100 per cent. additional?—Yes, in two or three cases.

3356. Will you name one or two of the places?—What we have done (and I will explain to the Committee the reason why we have done it) is this: we are bound, for instance, between Edge Hill and Liverpool, to charge the Parliamentary fare of a penny a mile only once a day; but we found that, prior to 1872, having no reference to this particular question of the duty, the number of people coming down from Edge Hill to Lime-street, was so great, and caused such inconvenience to the through trains, in fact flocking in in hundreds, that we raised the fare by all the trains except one train a day, from 1 *d.* to 2 *d.* That is 100 per cent.; but still the 2 *d.* is 300 per cent. less than we are entitled to charge, because we could have charged 6 *d.* under our statutory powers. For the same reason, between Manchester and Ordsal-lane, we raised the fare from 1 *d.* to 2 *d.* In Birmingham, St. Helen's, and Wolverhampton, and one or two places like that, we have also raised the fares for the reasons I have given, namely, to free our important express trains from the great crush of short distance passenger traffic.

Mr. *Macdonald*—continued.

3357. And for a gain to the company?—I do not think that if we carried all Liverpool, half a million of people, through from Edge Hill to Lime-street for 1 *d.*, we should get any profit out of it; it was not a question of gain, but a question of convenience entirely. In fact, we could not provide conveniently for the traffic, and if we had attempted to do so the carriages must have come empty in the opposite direction; but it is so small a matter, that although it has been alluded to, it has no bearing upon this matter.

Mr. *M'Lagan.*

3358. I suppose that railway companies, like other bodies or individuals, act according to self-interest, and if they find that it pays them to charge a low rate they would prefer charging a low rate instead of charging a high rate?—That is so, and a railway manager must, in fact, be something of a collier, and an iron merchant, and a corn merchant, and must have a thorough knowledge of railway traffic to assess as nearly as possible the paying rate. In fact, he is constantly bargaining with the public for a price at which to carry their goods.

3359. And, therefore, you have a very good reason for doubling your rate to those places to which you referred?—Yes; in that case it was essentially a question of public convenience, and not a question of profit.

3360. Can you tell me the distance travelled which pays your company best; for instance, whether a passenger travelling 5, 10, 15, or 50 miles pays best, the circumstances being all the same?—I rather look upon it as a question of paying load. If you get your train full of passengers, the longer you carry them the more profitable it is; for short distances, of course it is only a question of degree. If you get your train full of a paying load, and no great amount of surplus dead weight, a full train load is always the most economical thing to carry; and our great object in fixing the fares is to fill our trains. We run so many trains in competition with other companies, and with tramways and with omnibuses, that unless we fill the trains we are carrying an enormous dead weight at half the profit that otherwise we should get.

3361. But you generally have for short distances fuller trains than you have for long distances, have you not?—Yes, and there is this difficulty in the working of the short distance traffic, that it fluctuates according to certain hours of the day. At certain hours of the day the tendency of the traffic is all in one direction, and our trains in the opposite direction are perfectly empty, and you work nearly 30 or 40 per cent. of empty mileage in the short distance traffic, for the purpose of accommodating the public at the busy hours of the day.

3362. That is the most expensive way to the railway company. Supposing that 10 miles are travelled, and that the train runs from one end to the other of the 10 miles without stoppage, is

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Mr. *Findlay.*

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Mr. *M'Lagan*—continued.

that more expensive than if the train stopped at three or four stations?—Stoppages, no doubt, add to the expense, and they add to the wear and tear of the permanent way.

3363. Consequently the present system of exemption, which compels you to stop at every station, makes it far more expensive for you to work your line, does it not?—It does.

3364. And consequently you are obliged to charge a higher fare to the public to pay you, are you not?—That must be taken with reference to all the other circumstances; we charge the highest fare that we can get.

3365. And therefore it would be an advantage to the public if the duty were kept on and the exemption also kept on, that some allowance should be made for trains that do not stop at every station?—I think so; I think that the Act, which contemplated the trains stopping at every station, with our experience now of more than 30 years, is obsolete; it is not necessary.

3366. Circumstances have completely changed from what they were when that was first imposed, have they not?—Yes.

3367. I think I heard you speak of suburban trains; I presume that you have a good many of what you call workmen's trains?—We have not so many as some of the other companies have; I think I explained that we have trains for the conveyance of colliers, and in the neighbourhood of Manchester we have two or three trains, I think, running at 5 o'clock in the morning.

3368. How far out do the workpeople live from Manchester?—Eccles, I suppose, is some seven or eight miles from Manchester; they live generally within a radius of 10 or 12 miles.

3369. Do those trains stop at every station going into Manchester, or do you run them right through?—They do not stop at every station, and in the case of the colliers that we take up from Rugely to Cannock Chase, they do not stop; we take them direct up to the colliery or to the work place.

3370. Are there any stations between the two ends of that railway?—In the case of Eccles there are stations.

3371. Do you get exemption for carrying those miners or workpeople?—In this case we have not returned them as liable to duty. The sum is very small; we have claimed exemption upon it, and it has been allowed, although we have not stopped at all stations.

3372. It is of course a greater advantage to the workpeople to be carried fast from the one end to the other without stopping, than to go in a train stopping at every station, because time is as valuable to them as it is to a first-class passenger?—It is their whole capital; it is their everything.

3373. Therefore if this tax is to be kept on, it would be to the advantage of the workmen, and not only of the workmen (for I believe you said very properly that you do not think we should look to one class more than another), but also to the advantage of the public generally, if exemptions should be given in the manner proposed by Mr. Rickman in his evidence; that is to say, for every passenger carried at and under 1 *d.* a mile, whether first class, second class, or third class?—I think so.

3374. Do you find great inconvenience in making up your accounts according to the present system?—No; they are rather complicated, but it has been reduced to a system, and although there is considerable expense attendant upon it, one probably cannot urge that as a substantial reason against it.

Mr. *M'Lagan*—continued.

3375. Do you think that it would be a relief in point of convenience to the railway companies if, instead of paying the duty and getting the exemption upon every year's traffic separately by itself, they took the average of three or four years, as for instance in the payment of the income tax?—I do not think that I should be in favour of such a proposal, because the traffic that is liable to the tax fluctuates a good deal.

3376. But if you took the average of three years it would be far easier for you in making up your accounts than if you did it for every year with a fluctuating traffic, would it not?—It would be rather difficult and complicated, I think, to carry out the average clause on passenger duty; and besides that we have to prepare our accounts, and we should require to hold balances undivided to provide for any possible fluctuation. I think that it is better to settle it annually or half-yearly. When we have once become liable to pay the duty, I do not think we should care to re-open the account.

Mr. *Arthur Peel.*

3377. I think you said that you found yourselves embarrassed by the great number of third-class passengers who inundated your station at Liverpool?—Yes, between Edge-hill and Lime-street stations we did.

3378. And, for the convenience of the public, you raised the fares of those third-class passengers from 1 *d.* to 2 *d.*?—I put it as a matter of convenience to avoid our express trains being crowded by short journey passengers.

3379. Of course that was not for the benefit of the third class passengers?—Certainly not.

3380. Do you think that if the present system was abolished you would have sufficient self-interest to prompt you to look after the interests of the third-class passengers?—I think so; when you see that the revenue that we receive from the third-class passengers is rather more than one-half of our whole passenger receipts, I cannot imagine a greater inducement for us to look after that which contributes so large a sum towards our revenue.

3381. Do you derive your greatest profit from the third-class passengers?—Our greatest amount of receipts; as I have already stated, more than 50 per cent. of our total passenger receipts are derived from third-class passengers.

3382. But you do not get the same proportionate profit from third-class passengers, do you?—I do not quite see that. If we get a third-class carriage properly filled with third-class passengers, it is quite as profitable as carrying a first-class passenger carriage full of first-class passengers.

3383. But it would not be your interest to stop at every station with third-class passengers?—Nor is it required from one end of the London and North Western system to another. If it was attempted, I think that the utter folly of it would be so apparent that the public would be the first to ask to have it removed. It is a singular thing that, although we have tickets from all our stations to all others of our stations, yet during the 30 or 40 years that the London and North Western has been in operation, there are stations between which tickets have never been issued at all.

3384. I never

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Mr. *Arthur Peel*—continued.

3384. I never contemplated the possibility of stopping at every station along a long line; but referring to short distances in the immediate neighbourhood of great cities, would it be your interest to carry passengers to and from their destination, stopping at every station, at these low fares?—I think so. The fact is, that with regard to the short distance traffic between London and Watford, and Saint Alban's and Rickmansworth and all that district, we have a certain series of trains running in and out of Broad-street and certain other trains in and out of Euston; if we alter those trains five minutes so as to cause any little inconvenience to the majority of the passengers, we have a deputation to Euston directly, and a memorial to the directors complaining of the bad management of the railway, and calling for an alteration to suit their convenience; and we always attend to those complaints as far as possible.

3385. What is to prevent your raising these fares of the third-class passengers 100 per cent., if it suits your convenience?—If we did so we should, in most cases, lose the traffic entirely.

3386. It appears that at Liverpool you did not hesitate to lose it?—That was a singular case of passengers going simply for a mile, and where they were using the railway, no doubt to the inconvenience of a much larger number of passengers. I do not think that we could advance any fare without materially affecting the position of the traffic.

3387. Then do you regard exemptions as a necessary bonus to you to carry third-class passengers?—I do not regard exemptions as a bonus at all. On the contrary, I think that the principle of exemption is bad in itself, and that the law ought to be so altered as to meet the case without seeking exemptions.

3388. What would that come to in the absence of exemptions?—My proposal is abolition, and that if the whole duty cannot be remitted the duty upon all fares at 1 *d.* per mile and under should be remitted for reasons, I think, in the public interest, and I think also that the duty should be remitted on fares of 1 *s.* and under, so as to put us upon an equality of competition with omnibuses and tramways, and other means of locomotion which are not taxed.

3389. Would you compare that scheme with the proposal of 3 per cent. all round upon the gross passenger receipts?—I went into that with another honourable gentleman; and although at the moment it would appear from the calculation made by Mr. Farrer that we should be benefited, yet on the whole I think that in the public interest and in our own interest it would be better to take the proposition that I make; because I think that the third-class traffic is a largely increasing quantity, and although for the moment we might be benefited, yet in the end I do not think we should be.

3390. On what principle would you exempt all fares under 1 *d.* per mile; why should you adopt that particular plan of exempting all fares under 1 *d.* per mile?—First of all I have already stated that with regard to third-class fares generally we added the duty, but in all cases we could not add it. Therefore our position at the present moment is that as regards some of the fares the

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public pay a large proportion of the duty that we pay to the Government; and that with regard to the other fares, the company lose the duty out of their own pockets, where they are not able to add it, in consequence of competition and for other reasons.

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3391. I understand that you are against an exemption which is to co-exist with the obligation to carry passengers at a certain rate; but that you are in favour of an exemption of third-class passengers carried at and under 1 *d.* per mile?—That is so.

3392. You are not generally against all exemptions, but only against the exemption where it co-exists with the obligation to carry passengers at a certain rate?—That is so.

Mr. *Leighton.*

3393. Can you inform the Committee how far the number of passengers has decreased since you issued your printed bill stating that you intended to increase the fares in consequence of the intimation received from the Board of Inland Revenue that they would no longer sanction the remission of duty on tickets at Parliamentary fares issued by trains that did not call at all intermediate stations?—I think that I could not answer that question without going into the traffic between the particular stations.

3394. Do you think that the number has decreased at all?—I should think not; our gross traffic has increased. But in answer to that I would say that in consequence of the action which was taken by the Board of Inland Revenue, the public have paid the duty and not the railway company to the extent of 55,000 *l.* on third class traffic; and if the duty is remitted by the action of this Committee, we should be prepared at once to cease collecting that large sum.

3395. Of course you would be obliged to do so where it is, in addition to your maximum fare?—We have the Parliamentary power to charge the duty in addition to our maximum fare; we should be obliged to reduce it where the fares are over the maximum.

Mr. *Macdonald.*

3396. You stated in regard to Cannock Chase that you carried men at a low rate from Rugeley up to Cannock Chase; the Cannock Chase district is a district which is now being developed, is it not?—Yes, and very largely developed.

3397. But there are no houses, and consequently if you did not carry up the men, you would not get the coal down?—I recollect the time when there were no houses; but I was there the other day and I found a great town growing up, and they are building there every day.

3398. I am quite aware of that, but it is because there is not a sufficient number of men there that the men go from Rugeley, is it not?—There is not sufficient accommodation for the men, but there will be by-and-bye.

3399. But it is a purely abnormal condition of things there, is it not?—The same thing crops up in different parts of the country from time to time.

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Mr. JAMES GRIERSON, called in; and Examined.

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Chairman.

3400. YOU are the General Manager of the Great Western Railway, are you not?—I am.

3401. Have you read the evidence which has been given before this Committee?—I am sorry to say that I have not been able to read the evidence, nor to be present at the meetings of the Committee.

3402. Have you heard any of the evidence which has been given?—None whatever, except the latter portion of Mr. Findlay's.

3403. You are here, I presume, to advocate the abolition of this tax?—I am.

3404. On what grounds?—The first ground upon which I would urge its abolition is, that as a matter of equity and justice railway travelling should be exempt from the tax in the same way as other travelling is, in the belief that it was first imposed as a tax upon passengers travelling by railway in the same way as a tax was imposed upon passengers travelling by coach. Therefore, for the first reason, but for several others also, I should urge that, as a matter of equity, it should be withdrawn.

3405. I daresay that you have made yourself acquainted with the proceedings which have taken place with regard to the imposition of the tax in Parliament and so on, and with the legislation which has taken place?—I have.

3406. During the year 1875, what were the total receipts from passengers on your line?—The gross receipts, embracing lines which are leased and worked by the Great Western Company as well as the Great Western system, were in the year ending December 1875, or rather January 1876, 6,807,076 *l.*

3407. What was the passenger duty which you paid that year?—The passenger duty which we paid that year was about 110,000 *l.*

3408. How much of that was due to third-class traffic?—About 45,000 *l.*

3409. Have you any power under your Act to impose an additional fare beyond your maximum?—On the original Great Western line, as amalgamated with the Birmingham and Oxford and other lines in 1846; we have that power upon all those sections of lines. We have not the same power upon the South Wales, the West Midland, the Shrewsbury and Hereford, and all the lines west of Exeter.

3410. Have you, since the decision of this question of exemption, availed yourselves of that power on any part of your system?—We have always charged it upon the Great Western main line from the time when the tolls were reduced. By the Act, to which I have referred, the tolls were reduced, and power was given to add the duty, and the duty was added to all first and second class fares; and since the decision was given we have added it, in many cases, to the third-class fares.

3411. Has the effect been practically to throw the payment of the duty upon the passengers?—Certainly, that was our object. We were induced to give a greater amount of third-class accommodation in consequence of the exemptions made by the Board of Trade from time to time, and we gave that increased third-class accommodation much more rapidly than we should have otherwise done; and when we found that we were to be taxed of course we protected ourselves as far as possible.

Chairman—continued.

3412. You increased your third-class accommodation under the impression that the law, as acted upon for so long, was the law?—Yes, the fact being that from year to year there was a tendency to give greater third-class accommodation.

3413. You have a great many affiliated lines, have you not?—A very large number.

3414. Does this tax press with very great severity upon those lines?—It does.

3415. Will you give the Committee an instance?—The Cornwall Railway is an instance.

3416. I believe that that is a melancholy instance of financial difficulty?—It is a line 65 miles in length, which has never paid any dividend; and, in fact, the line would not have been completed had it not been for the assistance given by the Great Western, the Bristol and Exeter, and the South Devon Companies, which two latter lines are now part of the Great Western system.

3417. The Cornwall Railway has not succeed up to this time in paying any dividend, has it?—It has not. First of all the line would not have been completed by the ordinary shareholders who projected the line, even with the assistance of the three railway companies, had not further assistance been given by the Great Western and other companies in enabling them to raise preference shares to complete their line, and in guaranteeing those preference shares. The result of that has been that in the 10 years ending December 1875, the loss to the companies in guaranteeing that additional capital for the purpose of completing the line, has amounted to more than 114,000 *l.*

3418. How much passenger duty have they paid?—Notwithstanding that loss, and notwithstanding that the ordinary shareholders have received no dividend, they paid a duty of nearly 16,000 *l.* in 10 years; and the companies who stepped in for the purpose of enabling them to complete the line lost 114,000 *l.* I need scarcely say that out of that 114,000 *l.* a portion would be receipts from passenger traffic which had already paid the tax, because that 114,000 *l.* was a part of the net receipts of our lines.

3419. I believe that you have adopted some mode of marking your tickets, have you not, for the Parliamentary trains?—Yes; having added the duty to certain third-class fares, we have to issue two classes of tickets, one called Parliamentary and the other third-class tickets, so as to enable us to make the returns to the Board of Trade; that is in fact to enable us to get exemption in the one case, and to pay the duty in the other.

3420. Have you had any difficulties or disputes at all with the Board of Trade, in regard to these matters?—No, we have had no difficulties with the Board of Trade.

3421. They have been obliged to make what I have called a compromise with you, with reference to the non-application of the law, have they not?—Our communications were not with the Board of Trade upon that subject, but with the Board of Inland Revenue. The recent decision

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Chairman—continued.

is to the effect that every train on which it is sought to claim exemption must stop at every station, and must travel from end to end of the line; but that would be almost an impossibility on the Great Western Railway; or at all events it would be an impossibility to be of any use to the public; and therefore the trains, as has been no doubt explained to the Committee, are divided into sections.

3422. I believe that you object to this tax being levied upon gross receipts, as being very unfair?—Yes; I object to it because that would really be, or at all events it would look, like an intention on the part of Parliament to make it a permament tax.

3423. I did not mean gross receipts from minerals and passengers as well; but is not levying it now upon the gross receipts a peculiar hardship upon the companies and upon the passengers?—My answer would be very much the same, whether it was levied upon the gross receipts of the company altogether, or upon the gross receipts from passenger traffic alone, except that I should have a stronger objection to it if it included gross receipts for the conveyance of mineral traffic. In my opinion that would look like a determination upon the part of Parliament not to give the relief which we think we are entitled to. It would simply be another mode of collecting the tax, and we are asking for relief from the tax altogether.

3424. I presume that that must be influenced by fiscal considerations?—No doubt. At one of the deputations, on which I attended, before the late Chancellor of the Exchequer, he himself stated that he looked upon the tax as a very unwise tax; but he said it was not his fault that the tax was established; he had inherited the tax, and he said that if the deputation would point out some means of getting the same amount of revenue he would be very glad to relieve us of that tax; but Mr. Lowe admitted, in the strongest possible language, that the tax ought to be abolished.

3425. That was when he proposed 3 per cent. or 2 per cent.?—It was at the meeting that we had with him to point out that it would not be a relief to many companies to alter the tax in the way which he suggested; in point of fact, he was not aware that some of the companies had the power to add the duty to their fares.

3426. The Great Western Company, I believe, now carry third-class passengers by all their trains?—Not by all trains; by certain express trains we do not carry third-class passengers; but the extension of accommodation to third-class passengers has given a great impetus to people travelling by third-class trains, and I consider that it is quite a misapprehension in the minds of many people, as stated by the Chancellor of the Exchequer and others, that the great increase of the railway receipts is from third-class passengers. That is an entire mistake. The great increase of third-class passengers has been on account of the greatly increased facilities which have been given to them. We are now carrying people at 1 *d.* a mile that we used to carry at 1½ *d.* per mile; I have prepared a statement as to a company (without naming the company) who until last year kept their third-class trains very much as they were 10 years ago; I find that the per-centage of

Chairman—continued.

their third-class passengers in 1855 was 21 per cent., and in 1875 the per-centage was 25 per cent., the increase being very small. In 1855, their per-centage of receipts was 18 per cent., and in 1875 it was 29 per cent. Now taking the Great Western for the same years, the per-centage of third-class passengers carried in 1855 was 30 per cent., and in 1875 it was 76 per cent. The per-centage of receipts was, in 1855, 29 per cent., and in 1875 it was 55 per cent.; those are two railways joining one another; we continually extended our third-class accommodation, and they, until last year, practically did not extend their third-class accommodation; now they have extended their third-class accommodation, and the result is that the second-class passengers are going into the third-class carriages; it is, in my humble judgment, quite a mistake to suppose that the third class is a mine of wealth to be had simply by reducing the fares and by increasing the accommodation; to a very large extent they are taken out of the first and second classes.

3427. That is to say, that the conveniences given by the third-class trains now are sufficient to induce the people to give up the advantage of the second class?—Yes, one of those being the conveyance of passengers for long distances without stopping at every station.

3428. What do you think about the temporary suggestion (I will put it in that way), that all fares at and under 1 *d.* per mile should be exempt without any obligation, but that you should be free to do as you please; how do you think that would affect the railways in the first instance, the public in the second, and the revenue in the third?—As an instalment of what we think fair and just to the companies, there is no doubt that it would be a step in the right direction until the Chancellor of the Exchequr could relieve the companies entirely from the tax; with regard to the effect upon the railways, so far as the Great Western are concerned, we should reap a certain amount of benefit; I cannot exactly tell you to what extent, at the present moment, because we charge on some portions of the system something more than 1 *d.* per mile; and therefore, unless we reduced those third-class fares to 1 *d.* per mile, we should still have to pay duty upon that portion of the traffic; but of the 45,000 *l.*, the passengers would get at least, I think, 21,000 *l.* at once. We should get no benefit out of that, of course; they would get the profit immediately; we might get some profit out of the others, but about that I am not quite certain. But to the extent that any tax is a disadvantage to railways as well as to anything else, we should get that general advantage. With regard to the working of our trains, there is no doubt that we should not be tied as we are at the present moment; or I need scarcely say that we do take into consideration in timing our trains the desirability of putting in stops wherever we can to get exemption from duty. To the extent that we should not be tied to do that, the third-class passengers would get the advantage of having greater facility in travelling over that section of the line.

3429. They would travel quicker?—They would travel quicker. Take the case, for instance, of a third-class train running from Bristol to Reading at the present time and stopping; we

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Chairman—continued.

should, very likely, take out some of the stops, and run the passengers up quickly to London, which is very desirable, and they would get the advantage; and we, of course, being exempt from duty, should not be tied, or tie ourselves, as at the present moment, in timing our trains to avoid the duty.

3430. Have you seen any calculation at all as to the effect which this proposal, if carried out, would have upon the revenue?—I am sorry to say that I have not; I have been too busy, and I have not been able to see the evidence.

3431. I think, within a few thousand pounds, the calculations that the exemption which you propose would bring the figures up to very much what the receipts were before the law was altered; but you have not gone into that?—I have not gone into that recently; I have no doubt that I did some time ago, but I have been thinking of other matters lately, and I have forgotten the figures.

Mr. *Arthur Peel.*

3432. Did I correctly understand you to say that, before the recent decision, you imposed the duty upon the first and second class passengers?—On the main line of the Great Western; that is to say, to make it perfectly clear, upon that portion of the line where we are only empowered to charge 2*d.* first class, and 1½*d.* second.

3433. And, since that decision, you have imposed the tax upon third-class passengers?—Yes, by certain trains on that section of the line. We have also raised the third-class fares on certain other sections of the line where we had the power to do so.

3434. Would the largest part of the tax be derived from the third-class passengers at the present moment?—No. I think I stated that, out of 110,000*l.*, 65,000*l.* is paid on first and second class passengers, and 45,000*l.* on third-class passengers.

3435. But the third-class passengers pay the larger proportion, as compared with either of the other classes, the one class having paid 45,000*l.*, and the other two classes together having paid 65,000*l.*?—That would be so.

3436. If the tax was remitted, you say that a portion of the profit would go to the public?—Yes; I think you may take it that the third-class passengers would benefit to the extent of about 21,000*l.*

3437. Would it go to the travelling public generally, irrespective of class?—No, it would go to the third-class passengers at once. That 21,000*l.* is the addition to the 1*d.* a mile fare.

3438. That would benefit, not the poorer class of passengers, but rather the richer class, who would take advantage of the third-class carriages?—It would benefit them both to the extent that the two classes travel. I may state, however, that the extension of third-class accommodation has given a very great impetus to passengers travelling short distances. Whether they are poor or rich, the number of third-class passengers, for short distances, has undoubtedly increased in a very rapid ratio.

3439. But you do not look with any special favour upon the working men passengers?—I hope that we look with great respect upon the working man; certainly to the extent that he is a customer like any other passenger, we place

Mr. *Arthur Peel*—continued.

importance upon giving him every reasonable facility. But, perhaps, you are referring to a remark which I made, that the giving of increased third-class facilities had induced passengers who could afford to pay a higher fare to go into third-class carriages; but I think that they are scarcely working men.

3440. Have you to deal with carrying working men from large towns to the suburbs, for the purpose of going to and from their work?—We do not run any workmen's trains over the Great Western main line. Workmen's trains have been run over one of the lines in which we are interested, that is to Hammersmith; but we allow the Metropolitan Company to deal with those trains, and I understand that Mr. Fenton has been before you, and, no doubt, he gave you all the evidence on that subject. That is the only place where it applies to any extent.

Mr. *Leighton.*

3441. Do you think that the taking off of the tax will increase the traffic; that is to say, that the tax as it is at present, with its system of exemptions and obligations, prevents the traffic from continually increasing?—I should not like to put it so high as to say that it actually prevents the traffic from increasing. To the extent that it is a tax upon that traffic, there is no doubt that it does deter traffic; but I certainly should not like to say that it actually prevents a passenger from travelling at all.

3442. When you talk of a tax upon locomotion as being objectionable, are there any other objections underlying it but that it checks the development of traffic?—I presume the honourable Member is speaking of it now generally, irrespective of class.

3443. We hear that the objection to the tax is that it is a tax upon locomotion; I ask, first of all, whether it has checked the development as yet, and you say that you do not think it has?—I should not like to go so far as to say that it absolutely stops traffic.

3444. Is there any other objection to a tax upon locomotion, except that it checks the development of traffic?—To the extent that the tax takes from the railway company a certain portion of its net receipts, there is no doubt that it is injurious to the public in this way: that although, in the construction of railways at first, persons promoting, say the Stockton and Darlington or the Liverpool and Manchester, looked to increased convenience for carrying their cotton or their coal, and that was their great object; there are others who put their money into a railway with the object of getting a dividend. If the public did not get reasonable dividends from the construction of railways, the construction of railways must be checked, and it must be to the disadvantage of the public.

3445. But that is rather theoretical, and I am asking whether you think that it has actually prevented people from investing money in railways?—Take the case of the Great Western. For some years the Government duty, in proportion to the dividend paid to the ordinary shareholders, ranged from about 13 to 29 per cent. of the dividend, and that surely is rather a serious matter, because of the two classes of persons who promote a railway, one class promoting it for the purpose of getting convenience and accommodation

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Mr. *Leighton*—continued.

tion in travelling, and the other being simply an investor, it might be a great matter for the former if he could not get the latter to put his money into it.

3446. You draw that inference from these facts, but do you think that, practically, the development of railways has been checked?—To the extent that this must be a tax upon railways; when railways have not paid a reasonable dividend that must be so.

3447. That is why I call it theoretical; do you think that it has been so?—I never heard of any one saying that they would not construct a railway, or be parties to the construction of a railway, or put their money into a railway, simply on account of the Government duty, if that is what you mean; I never heard any one put it so broadly as that.

3448. The incidence of the tax is so slight, that although it is appreciable to the railway companies, it is not appreciable to the public?—That is an inference which you draw from it; I should say, on the other side, that if the shareholders of a railway company could have had from 15 to 29 per cent. added to their dividend, they would have been very much better satisfied to have promoted other works for the benefit of the public; and I think that that is a fair inference to draw on the other side.

3449. Lord Houghton told us that the development of railways has been too rapid; do you agree with that view?—In certain districts no doubt it has been too rapid. I have no doubt that if the railways of Great Britain had to be constructed over again, with the experience which we have now had, a good deal of the capital would have been saved, and a great many of the lines which have been made would not have been made at the present moment; but that applies more particularly to certain lines in certain districts.

3450. I do not quite understand about this Cornish line; why did the Great Western Company take this Cornish railway which did not pay?—The Great Western originally ran from London to Bristol, and the Bristol and Exeter ran from Bristol to Exeter. Those two companies promoted the South Devon Railway which ran to Plymouth. The three companies were interested in seeing another railway extended to Falmouth, and they subscribed to make the railway; but the capital would not complete the line, and if they had left it there the line would not have been completed and opened.

3451. But I do not see its effect upon the question before us?—I will endeavour to explain it. If you will assume that the whole of the original capital was spent and the line incomplete, the question was whether all the money was to be lost, or whether the line was to be opened. Rather than allow the line to remain incomplete, the three companies agreed to guarantee the additional capital which was necessary to complete it; but they have never been recouped the interest of the money so advanced, and they have had to pay 16,000 *l.* Government duty.

3452. Notwithstanding the badness of the speculation, they were willing to accept the risk?—If you look upon the construction of a railway simply as a speculation, that must be so; but I venture to look upon it that the construc- of a railway where it is required, is not primarily an investment, but for the accommodation of the public.

Mr. *Leighton*—continued.

Mr. *Grierson.*

23 May 1876.

Mr. *Knatchbull-Hugessen.*

3453. If taxation tends to check the investment of the public in any particular undertaking, it necessarily tends to check the development of such an undertaking, does it not?—Most undoubtedly; and it is perfectly unnecessary to say that the construction of railways throughout the country, but particularly in certain districts, has given an enormous impetus to the extension of business.

3454. So that if the holders of railway shares, finding that they have diminished dividends on account of the existence of this tax, are less ready to invest money in similar undertakings in future, there is at once a direct check upon the development of railways in consequence of the tax, is there not?—No doubt to that extent there is.

3455. And although this tax alone might not injure the construction of any particular railway, yet taking it in conjunction with all the other expenses contingent upon such construction, it is a certain check upon development, which would be removed if this tax were abolished?—It would be so; in fact I venture to say that the public have a very direct and a very deep interest in railway companies paying a dividend, and paying a good dividend. I think I may say that railway property is very different from any other property that I am aware of. Even when railway companies do not pay a very good dividend, the pressure of the public upon railway companies is very great indeed to give them additional facilities. Take the case of a district where they want a station; they first of all say that they are perfectly satisfied with a platform; next they say that they want a wooden box; and very soon they want a first-class station with every convenience. That is an illustration of the whole. But in the case of a railway company which pays a good dividend the pressure is continuous always to give something which really must be a great advantage to the public, whether it is in the shape of increased train service, or in the shape of increased station accommodation, or whatever it is; so that when the public pay money to a railway company, it is not like going to a shop and taking an article out, and having done with it; but the public have a direct interest in what becomes of that money afterwards, or a certain portion of it, apart from the investors.

3456. As the company becomes more prosperous, so its direct tendency is to offer greater facilities to the public, because it is to its own interest to do so?—That is entirely so, and I may say further, that when a railway company is in a flourishing condition, it is more helpless to resist the pressure which is brought against it from the public for additional facilities and accommodation. In the case of many of the lines which the Great Western Company have taken over, although for many years they were not in a flourishing condition, they were supposed to have a somewhat deeper pocket than the poorer companies, and the moment they took those lines over (and I could enumerate many instances), there were increased demands for increased accommodation and improved train service which

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Mr. *Grierson.*

23 May 1876.

Mr. *Knatchbull-Hugessen*—continued.

they never thought of pressing the local companies for, or as to which the local companies simply gave them a negative. So that I say, with a very strong belief in its truth, that the public have a very strong interest in seeing railway companies fairly prosperous.

3457. We may squabble in this room over what is and what is not a tax upon locomotion, but were there not a few years ago certain parties who provided a certain article which I will call locomotion for the public, who were subject to taxation, and from whose shoulders the burden of taxation has been thrown, while it has been continued and increased in the case of railway companies?—That is so; and it has been suggested in this room that because railway companies have a monopoly we ought not to be relieved. I do not put it very high that we are not a monopoly, because the Great Western Company does not suffer to the extent that many companies do by the competition of omnibuses, or tramways, or coaches; in fact, I may say that we do not suffer to a very large extent; still we do suffer in Staffordshire at present and at Bristol. We carry passengers from Bristol into South Wales in large numbers. When the Bristol and South Wales line was opened, we carried them by ferry, and we are now constructing a tunnel. At the present moment we have to carry, and when the tunnel is open we shall have to carry in competition with steamers to Newport, and as they are not taxed, we are compelled to charge reduced fares. But setting all that aside, and setting the coaches and tramways aside, there is no such thing as a monopoly on the part of a railway company itself, for Parliament is very ready, indeed, as we know from our experience, to allow competing lines to be constructed between any two places when the parties will come before them and say they have got the money. So that the public might come before Parliament next year, and get power to make a railway themselves as against any of the existing companies; and, therefore, I can scarcely see how we can be called a monopoly. I cannot see the equity of it; that because a number of persons have combined together to do what no individual could do, that is to say, to make a railway, say from London to Bristol, they are not to have the same justice meted out to them as a coach proprietor, or a cab driver, would have. I cannot imagine why because a man puts his money into shares for the construction of a railway, he is to be treated in a different manner from coach and cab proprietors.

3458. Taking it that omnibus companies and other providers of locomotion have received the benefits of a remission of taxation, you cannot see that railway companies are such sinners against the public interest and the public morality, that they should be excluded from any participation in a similar benefit?—No; I assume that Parliament have come to the conclusion that it is unwise to tax locomotion; therefore, I cannot imagine why, because railway companies have given an improved means of locomotion, they should be taxed as compared with others who have given inferior means.

3459. As to the monopoly which is said to be enjoyed by railways, is not the fairer way to put it thus: that Parliament tempted private enterprise and private capital by certain facilities, without the giving of which the enterprise and the capital would not have been forthcoming to supply a great public want?—Certainly; the construction of railways was granted in the public interest, and not for the interest of the persons who put their money into it.

Mr. *Knatchbull-Hugessen*—continued.

3460. Were not a great many of the facilities and privileges given, not as against the public, but in favour of the public, in order that the companies might not be at a great disadvantage in dealing with the owners of the soil?—Necessarily so. I understand that it has also been stated here that because many of the lines now existing were constructed at the time that they were liable to the tax, therefore we ought not to ask Parliament for, or that Parliament ought not to grant, a remission of that tax. I cannot imagine why we should be shut out from asking for a remission of taxation, especially considering that coaches and cabs have been relieved from it, any more than if in the days of the window duty a man who had built a mansion, or a number of them, had come as a deputation to the Chancellor of the Exchequer and said that the window duty was a very unwise tax; and he had replied, "We admit that, but you built your house whilst the tax was on, and therefore you have no right of remission."

3461. Is it not, as a matter of fact, the interest of the railway companies to pull well with the public, and not to oppress them, as appears to be the idea of some of the witnesses?—Whenever the persons who hold that impression, if there are any that hold it seriously, come forward and have to give their evidence, and state their reasons for it, I do not think that they are able to prove it. I do not mean to say there may not be cases of hardship, and cases in which the railway companies may have used their powers harshly; but from my experience, which is not inconsiderable, I have found that the railway companies and the public pull together very heartily indeed; and railway companies feel, and those whose interests are closely allied with the railways feel, that their interests are identical with those of the public.

3462. Then you are in favour of the abolition of this tax, if possible, because in your opinion it tends to check the development of a great industry, because other taxes upon locomotion have been removed, and you see no reason why railway companies should not also receive the benefit of remission, and because you think that it is an awkward and disagreeable interference with the management of the business of the companies?—I do not put the last one very high, but as a matter of equity we ask for it to be repealed; also, because it will be a certain monetary advantage to the companies; and it will also be so to our passengers; and I believe that it will tend, in more ways than one, to the advantage of the public.

Mr. *Bruce.*

3463. You were mentioning the case of the Cornwall Railway; you contributed to it, I presume, with a view of opening up the county of Cornwall?—That was the only object we had in view.

3464. And with the idea that some traffic might come from it upon your line?—That was the

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Mr. *Bruce*—continued.

the object. If the other parties would have found the capital, as a matter of course the Great Western Company would have been very glad not to have had to subscribe.

3465. If you had not come forward, that line would not have been finished, would it?—It would not.

3466. And, unless you had been in a tolerably satisfactory or progressive position, you would not have been able to find the money for it?—We should not.

3467. As to competition, I presume that you have, on the Cornwall railway, a very considerable sea competition?—Yes, there is a sea competition for passengers travelling; for instance, steamers run to Plymouth and to London, and so on; I do not want to put that too high, but there is the competition, and it is an untaxed competition.

3468. Does it affect your fares at all?—In certain cases it does, but not generally.

3469. Parliament has not generally shown reluctance in sanctioning lines in competition with existing lines, has it?—No, on the contrary; I think that, as an honourable Member's questions tended to show, in certain cases lines have been made unnecessarily, and I could point to cases in which lines have been made which are not paying even their working expenses.

3470. I suppose, talking simply in the Great Western interest, there are some lines which you would have thought unnecessary?—Yes, and I have no doubt that our neighbours would have the same opinion with regard to other lines.

3471. Is it not the fact that railways can be constructed nowadays at considerably less cost than the original lines?—Compared with some of the original lines undoubtedly that is so; but compared with lines made a few years ago, I am not prepared to say that, because prices have risen very considerably.

3472. With regard to the value of the third class traffic, figures have been produced before us to prove that that it is now the most important and remunerative traffic that railways have; you think that that is mainly owing to the concessions which you have made to the third-class travellers?—I have not the slightest doubt about it. We have made very careful calculations, which were referred to by a previous witness, making comparisons over a period of years, and they clearly show that the additional facilities have drawn the passengers from the paying of the higher fares into a lower class of carriage; but, as I have already stated, I am rather strongly in favour of giving facilities in the neighbourhood of large towns, particularly for third-class passengers to travel short distances, and also for people to attend markets on Saturdays, such as the wives of labourers and others who cannot leave their work themselves, to enable them to bring their produce into market, and to purchase what they want, and to go back again; I believe that that is advantageous to the companies as well as to the public.

3473. Whatever the third-class traffic may be in the aggregate, I suppose that individualiy the third-class passenger does not pay you as well as the other classes?—Taking the case of a passenger paying us 1½ *d*, deducting the working expenses from him, although we may carry him cheaper per cent. than we carry a man for 1 *d.* per mile (because a second-class passenger and a third-class passenger occupy the same room), you can see that we do not get so much profit out of the third-class passenger as out of the second-class passenger.

Mr. *Bruce*—continued.

3474. So that you think that this great increase of third-class traffic has not been that unmitigated advantage which some gentlemen seem to think that it has?—I have no hesitation in saying that if the Great Western Company were considerably to limit the third-class accommodation it would increase our receipts.

Mr. *Samuda.*

3475. Do you mean your net receipts?—Our gross and our net receipts.

Mr. *Bruce.*

3476. Still, as the traffic is in existence, you would find great difficulty in limiting it at all?—It is like many other things that have been done; when done it is exceedingly difficult to undo; and of course having been done there is a very strong desire to see what the end of it will be, even on the part of some who were against it. They think that it ought to have a fair trial to see whether it will not, by leaving it alone, recoup the companies in the end. We hope that it may be so.

3477. That increase of accommodation to third-class passengers was given, I believe, when you supposed that you would have an exemption for it?—Yes; I stated earlier in my examination that the impetus to give the accommodation was at the time that we believed that we were exempt as regards third-class passengers by quick trains.

Sir *Harcourt Johnstone.*

3478. The result of giving greater third-class facilities by good trains has been, has it not, to drive all classes into the third-class trains, not only what are called popularly the working classes, but commercial travellers and ladies, and young men who like to go a long way for very little money by a quick train?—That is so. I stated that a large portion of the passengers who used to pay us 1½ *d.*, and if I might venture to say so, the persons who could afford to pay us the 1½ *d.*, have gone into the third class to a large extent.

3479. As a rule the class who have been drawn into the third-class carriages could afford to pay the passenger duty?—There is no doubt that they could afford to pay the passenger duty if it must be paid.

3480. Then the fact is, that the class who do not pay the Government duty are the poorer class who are driven by the Government duty into the slowest trains?—It is not so, because a large portion of the third-class traffic is carried by quick trains.

3481. But those trains are not exempt from the Government duty?—Out of the 45,000 *l.* a year that we are paying, I assume that there is about 24,000 *l.* that we are paying upon the other trains.

3482. But those fast trains are not exempt from Government duty, are they?—They are not.

3483. The trains that pay the Government duty are not the slow trains?—Under existing circumstances it is not simply the poor man who

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Mr. *Grierson.*

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Sir *Harcourt Johnstone*—continued.

is going in the stopping trains, because he is going in the quick trains.

3484. But the class of people who go in the slow trains are not the class who have been induced to go into the third class by the facilities which you have given, but they are those who must travel in the cheapest way that they can; is not that so?—I am afraid that I do not understand the question, unless it is based upon the clause in the Act of Parliament.

3485. The class that travel third class by your best trains are those who can afford to pay the Government duty, plus the fare, are they not?—Yes: I do not mean to say that where a man wants to travel 20 miles, and has to pay 1 *s.* 8 *d.* by a quick train, the 1 *d.* will stop him; as I have already stated, he would have to pay 1 *d.* more; and I think it would be putting it very high indeed to say that he could not pay the 1 *s.* 9 *d.*

3486. Take two cases, one quick train, first second, and third class, say from Paddington to Bristol, and another train, a Government train, from Paddington to Bristol; is it not a matter of calculation with some classes, whether they can travel by that quick train, or whether they must go by the slow train, on account of the expenses?—It is quite possible that the consideration of 5 *d.* might be a consideration to a passenger between London and Bristol; but I think it would be putting it very strongly to say that a passenger would go by a slow train between London and Bristol, stopping at every station, rather than go in 3½ hours, paying 5 *d.* more.

3487. If he were a man with a family, it would be multiplied by so many five pences, would it not?—Yes; but that would involve a knowledge of the circumstances that I do not possess.

3488. Does not the duty bear more hardly upon the poorer classes?—There is no doubt that it does; and therefore I say that it would be an instalment of justice to relieve the third class first.

3489. To that class of person time is capital, and time is money, is it not?—No doubt; and therefore I might say the cruelty of making us pay the duty, because we save his time and give him a more comfortable journey.

3490. And the waste of his time is a tax upon his industry, which is his capital, is it not?—No doubt it is a very serious matter to him.

Mr. Serjeant *Spinks.*

3491. I think your working expenses have increased very much of late years?—I should think that in the last five or six years they have increased about 10 per cent.

3492. About what are they at the present moment?—I think that our working expenses are about 53 per cent., whereas 10 years ago we used to work at about 46 per cent., and as far as we can see there is no prospect of getting them down.

3493. That would of course decrease your net receipts?—Undoubtedly very largely; if we had 7 per cent. of our net receipts now, it would be a very large sum of money; it would be one-fourteenth part of five or six millions.

3494. If it decreases your net receipts, it makes the railway passenger duty bear more heavily now upon your net receipts than it did in former times, does it not?—Undoubtedly.

3495. Have you worked out at all the difference in the per-centages?—I am going to put in the Tables, which will answer that question.

Mr. Serjeant *Spinks*—continued.

3496. You were stating that the amount you paid in duty on third-class passengers was 45,000 *l.* a year; your total duty paid, I think, is about 110,000 *l.*?—It is; the total duty of the Great Western, separate from the Western lines, which are leased this year to the Great Western Company, is about 90,000 *l.*; taking the whole system, it is about 110,000 *l.*

3497. You have recently taken over two really important lines, the Bristol and Exeter and the South Devon; do you find that the people in those districts are making increased demands upon you for accommodation?—They are; we have had to increase the third-class accommodation upon the Bristol and Exeter system about three months ago, and we are going to increase the third-class accommodation upon the South Devon line upon the 1st of next month.

3498. Will that temporarily rather increase your expenses?—It reduced our receipts; it has affected the receipts on the Bristol and Exeter line already.

3499. Out of that large amount of working expenses, is there a very considerable amount put upon you by the action of the Government?—I should not like to say that it is the action of the Government, but it is the demand for every effort being made to prevent any accident; I suppose the honourable Member refers to the Board of Trade; it is the desire to prevent accidents if possible; but however successful the appliances may be they are undoubtedly very expensive.

3500. I ought rather perhaps to have said, public opinion?—Public opinion and the opinion also of persons of experience; we have thought the matter out and we hope, at all events, that it will tend to produce greater safety if it does not actually effect it; because a great many accidents have arisen notwithstanding the working of the block telegraph and the locking, and some accidents have actually been caused by the use of them so that they are not absolute preventatives; but it is hoped that they will, at all events, reduce the number of accidents.

3501. Have you any estimate of what amount have been cast upon you by the requirement to use the block system?—We could get it out, but I do not remember it; we have not got the whole of the line locked yet; we are only in the middle of it. We have altered several hundreds of miles of the line from broad gauge to narrow gauge, and all that has to be done as part of the alterations.

3502. That will be a very large expense when completed, will it not?—Very large; and the expense of providing the machinery for the purpose is only a comparatively small item; it is the additional staff that has to be employed.

3503. And they are expensive men, I presume?—Yes; they are very good men, indeed, as a rule.

Mr. *Samuda.*

3504. Did I correctly understand you to say that if you could limit your third-class passengers you would diminish the amount of your receipts?—I am afraid that I have not spoken plainly. What I was endeavouring to state was that if we reduced the number of third-class trains and did not carry third-class passengers in the quick trains, it would compel a large number, who

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Mr. *Samuda*—continued.

who now travel in the third class, to travel second class, and so increase our receipts.

3505. And you really think that if you decreased the accommodation which you give by third-class trains you would increase the receipts of the railway?—For long distance passengers I have no doubt of it.

3506. Do you mean that you would increase your profits as well as your gross receipts?—Certainly.

3507. Why do you not do so?—For this reason; there has been a tendency to give increased accommodation for third-class passengers on the part of some companies in the belief that it will very largely increase the receipts and increase the profits. Other companies have done it, and we have done the same in the hope that it may result in giving us a larger amount of traffic and a larger amount of net revenue. So far I am certain that it has not done so for long distance passengers. I think that the additional facilities which we have given for short distance passengers have increased the number of passengers travelling; but I do not think that a passenger travels, say from London to Manchester, especially a working man whose time is of great value to him, merely for the small difference of fare.

Mr. *Samuda*—continued.

3508. You do not think that the fare would produce a sensible difference?—Yes, the fare would; but I said a small difference of fare.

Mr. *Grierson.*

23 May 1876.

Chairman.

3509. Is there any other matter which you wish to mention to the Committee?—I understand that some evidence has been given with regard to the conveyance of troops. I should like to state that, so far as the Great Western Company are concerned, the amount that we received for the conveyance of troops has been 6,700 *l.* a year. We have been very anxious for several years to meet the War Office if we could upon that matter, and in 1868 we made an offer to them to convey a regiment of cavalry at a very low price indeed, and this was the tenor of the answer that we received: "The Quartermaster General considers that it is an advantage for cavalry to move by march route rather than by railway, as a rule."

3510. There is no disinclination on your part to fall in with any reasonable views on the subject of the conveyance of troops?—No; we agreed to reduce our charges at least one-half; however, the answer received was a stopper at once; the reasons are given afterwards.

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Friday, 26th May 1876.

MEMBERS PRESENT :

Mr. Ashley.	Mr. Macdonald.
Mr. Bruce.	Mr. Arthur Peel.
Viscount Crichton.	Earl Percy.
Sir Harcourt Johnstone.	Mr. Rodwell.
Mr. Knatchbull-Hugessen.	Mr. Samuda.
Mr. Leighton.	Mr. Serjeant Spinks.

B. B. HUNTER RODWELL, Esq., Q.C., IN THE CHAIR.

Mr. MYLES FENTON, recalled; and further Examined.

Mr. *Fenton.*

26 May 1876.

Chairman.

3511. YOU wish to give some additional evidence with reference to some point, do you not?—I do, upon some points raised by Mr. Farrer. First, as to competition: Mr. Farrer states (Answer 2579) that he does not think there is any real competition from end to end of the Metropolitan Railway, or between Paddington and the City. Such a statement betrays such entire ignorance of the facts with regard to omnibus traffic that it would appear scarcely necessary to refute it. Before the railway was opened in 1863, the fares charged by the Omnibus Company were ascertained, and the Metropolitan Railway fares were based upon them. In a report I made to the directors on the subject, which was adopted, and which is dated 1863, is the following passage: "The pro- "posed third-class single fare of 3 *d.* to Farringdon- "street is therefore as low as the omnibus fare, "whilst the return ticket gives an advantage of 1 *d.* "on the double journey. This fare, it is expected, "would draw the great mass of people." (I may say that on the opening of the railway they reduced their fares from 3 *d.* to 2 *d.*, and that reduced the basis upon which the whole of the fares that we then charged.) In the report of the directors, and statement of accounts of the London General Company for the half-year ending 31st March 1863, it is stated as to the Metropolitan Railway, "This "under-ground line was, as you are no doubt aware, "opened for passenger traffic on 10th January; "with stations at Paddington and five other points "on the New Road, and with its Paddington and "Farringdon-street Termini, on the direct route of "the Paddingdon and City omnibuses running *viâ* "Holborn. It has necessarily become a competi- "tion with the omnibuses for a considerable share "of the traffic." As each section of the railway has been opened, the Omnibus Company have, either by reducing their fares, putting on new services of omnibuses, or by making other arrangements, placed themselves in a position to compete to the fullest possible extent with the railway. As already stated in 1863, when this railway was opened between Paddington and Farringdon-street, the Omnibus Company reduced their fares between those points from 3 *d.* to 2 *d.*, in order more successfully to compete with it. There is a most severe competition not only between the termini of

Chairman—continued.

the railway, but also between every intermediate station; an the Omnibus Company have so regulated their fares to compete, as well for the local as for the through traffic, the former of which forms a larger proportion of the whole. Between Paddington and the City express omnibuses are run for the accommodation of regular passengers, and no less than 190 omnibuses have left Paddington for the City between the hours of 8 and 11 a.m. this day (25th May 1876), that is at the rate of a little over one a minute. As a recent example of the course taken by the Omnibus Company to compete with the railway as its extensions were opened, it may be mentioned that on the opening of the Bishopsgate Station (12th July 1875) the Omnibus Company instead of stopping at the Bank extended their service through New Broad-street to Liverpool-street close to our Bishopsgate Station (so as more effectually to compete). Secondly, as to the alleged overcrowded state of the Metropolitan Railway. I am much surprised at Mr. Farrer's observations, as they are certainly not justified by facts. The company have not received "many complaints" from the Board of Trade on this subject, and I cannot trace having received any such complaint from them for the last 12 months. As on all other lines, it may occasionally happen that either on holidays or some special occasion the trains are somewhat crowded, but I deny that it is a subject of general complaint. It is not a fact, so far as the Metropolitan is concerned, that "there is "more traffic than anybody can do with," nor is his statement correct that the company have said: "If the people crowd in this way we can hardly "get rid of our traffic, and we do not know what to do." To meet the increase of traffic, the company have increased the size of their trains, and constructed intermediate signal boxes, and they can, whenever the traffic justifies it, very largely increase the train accommodation at present afforded. It cannot be said that the capacity of this railway is at the present time exhausted. Thirdly, as to the proposed 3 per cent. on gross receipts. Mr. Farrer states that he considers the proposition of 3 per cent. the only one worth considering. He admits that it "would

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Chairman—continued.

"would make a great difference to individual "companies, and that there is great difficulty about "it in consequence of such differences." This is inconsistent with his statement afterwards in reply to Question No. 2903, in which he says: "That "it is open to the least objection, as it makes the "least alteration in the present state of things." The figures he gave prove what this "least alteration" is. The London and North Western would have remitted to them 49,408 *l.*; the Great Western 25,761 *l.*; the London, Brighton, and South Coast 10,826 *l*; whilst the Metropolitan Company, who suffer most severely by competition with untaxed competitors, would have to pay about 1,500 *l.* a year more than they at present pay. Fourthly, as to the injustice of remitting taxes on omnibuses and retaining them on rail

Chairman—continued. Mr. *Fenton.*

ways. The tax was clearly a tax on locomotion, and there is no justice in relieving one carrier and continuing to impose it upon another carrying exactly the same description of traffic. The remission to the London General Omnibus Company is now equal to upwards of 50,000 *l.* a year, and it has enabled them to pay to their proprietors a dividend at the rate of 9 per cent. per annum on their ordinary stock. Were it not for this remission they would not have had any balance for dividend on the working for the past year, whilst the Metropolitan Company, who have actually to contribute to the maintenance of roads used free by their competitors, are now paying duty at the rate of about 12,000 *l.* a year, and are only enabled to pay their ordinary shareholders a dividend of 4 per cent. per annum.

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Mr JOHN SAMUDA, called in; and Examined.

Chairman. Mr. *Samuda.*

3512. YOU are Secretary of the North Staffordshire Railway, are you not?—I am.

3513. I believe you have come here to express your views with regard to what you conceive to be the impolicy of this tax?—With the permission of the Committee I will do so as shortly as may be.

3514. The Committee have had a great deal of evidence from a variety of witnesses upon the general objections which have been raised to that tax; do you agree with them in what they have said with regard to the tax being one which weighs heavily upon the public and also upon the railway interests?—I do.

3515. Have you in your particular line, the North Staffordshire line, any special facts in addition to the general evidence which has been given, which will show the Committee how this tax operates upon the traffic, and particularly how it affects the third-class passenger?—We have a very large proportion of third-class passengers, and a very large proportion that are exempt from the duty. I adopt the regulations of the Cheap Trains Act, and if the duty were repealed of course it would be a considerable relief to the company, which is paying now something like 5,000 *l.* a year. It is a small undertaking, and we have several branches of railways that are opened for goods and mineral traffic, and that would not pay for working for passengers. Although the directors have been solicited by the inhabitants adjacent to those lines to open them, the difficulty has been that they will not pay the working expenses.

3516. What class of passengers would the lines to which you refer specially carry?—They would carry mostly third-class passengers. There are residents upon those branches; the most influential of them came forward and met the directors and discussed the question with them; but the majority of the passengers would be, I should say, third-class passengers, and those are the majority of our passengers throughout our district, which is very populous, being inhabited by the working classes, the mining population, and the workmen throughout the potteries.

3517. Did I correctly understand you to say that you have declined to work those lines in consequences of the working expenses?—We have.

Chairman—continued.

3518. Do you believe that if this passenger duty were repealed, that would alter your policy with regard to opening those lines?—I have no doubt that it would be quite sufficient inducement to the directors to open them. I do not say that that would recoup them for the loss on working expenses, but if we saved several thousands a year upon the whole undertaking, then I think that the directors would not hesitate at all.

3519. What you wish to convey to the Committee is, that the effect of saving the passenger duty upon those four lines would not of itself be sufficient to induce you to make the change; but that if the exemption extended over the whole of your third-class passengers, then you would feel yourselves in a position to open those lines for passengers?—There is no doubt about that.

3520. Is there anything further that you would wish to add?—There is one point which I think has not, in the evidence before the Committee, been put prominently forward. I have taken the most prominent of the companies, and I find that 22 companies paid in the aggregate 705,000 *l.* of duty in the year 1875, and that taking the incidence of the duty upon their net earnings, it varied from 1 *s.* 3 *d.* in the pound, taking it upon a calculation of what I assume that they would be assessed at to the income tax. The London, Chatham, and Dover Company pay equal to 1 *s.* 3 *d.* in the pound upon their profits, which I say is 1 *s.* 3 *d.* over and above what they pay for income tax; the London, Brighton, and South Coast Company I find, pay 1 *s.* in the pound; the South Eastern Company pay about 1 *s.*; the London and South Western Company pay 11 *d.*; the Bristol and Exeter Company pay nearly 11 *d.* Then it goes down; the London and North Western Company pay equal to an income tax upon their net income of 4,122,000 *l.* (which I take as it is competent for anybody to do from their published reports), 142,257 *l.*; that is equal to 8¼ *d.*, if it is calculated on the principle of the income tax. The Metropolitan Company, I find, paid 9¼ *d.* I will not multiply instances, but I wish to show the very great difficulty that there is in adjusting a tax upon passengers to make it fall fairly upon the united interests of all railways. If you levy a tax, whatever it may be, and at whatever rate, the London, Brighton, and South Coast Company, and the London,

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Mr. *Samuda.*

26 May 1876.

Chairman – continued.

Chatham, and Dover Company, and those southern lines must be larger sufferers than the northern lines, whose proportion of goods and mineral traffic exempts them from so much of the duty.

3521. What is your own proportion on the North Staffordshire Railway?—Our own proportion is about one-third passengers and about two-thirds goods and minerals.

3522. What is the incidence of the tax upon you as compared with the income tax?—The incidence of the tax upon the North Staffordshire line is 4 *d.* and a fraction.

3523. Then you have not so great cause of complaint as most lines?—Certainly not; but then I take it as a general principle that it is desirable that any tax should be a just tax; and it seems to me that to levy it on passengers only must be attended with inequalities which render it inequitable and unjust. If it were done on the principle of charging a per-centage upon gross receipts, the only way to equalise the duty on all railways, I think that there would be such a clamour throughout the country against it, as being an obstacle to the development of trade that it would not be supportable. Therefore the difficulty under any circumstances is, that if there is a duty on passengers only it must be levied with those inequalities; and as it is limited to the interests of railways as carriers, and during the many years that this tax has existed Parliament has gradually repealed all other taxes upon locomotion, therefore, the railway interests, I think, naturally enough consider themselves much injured by the incidence of this tax. Then again, it is very opposite to what is the case in many other countries, and notably in our own dominions in India. The Indian Government guarantee 5 per cent upon all the capital laid out on railways; and here, because the country is very prosperous and the railways on the average may be doing well, I suppose that the Government think that it is a very easy thing to lay their hands upon them to pay this duty which they feel, and I think justly, is a very great grievance. We may well profit by the wisdom of our ancestors, and there is a motto heading one of our railway papers of Lord Bacon's which I think is not unworthy to quote even in these days; he says: "There be three things that make a nation great and prosperous; a fertile soil, busy workshops, and easy conveyance for men and commodities from one place to another." I think we live in a time when such a principle is more and more valuable every day for this country.

3524. I think that we are carrying out his prophecies and wishes pretty well?—He does not suggest that they should be sources of revenue by taxation.

Mr. *Samuda.*

3525. In what respect do you consider that the Indian railways are totally different from our own; do they pay no taxes?—The distinction is that the Government in one case guarantee interest upon the capital, and in the other case they make victims of the railways by imposing this duty.

3526. But apart from that, do you wish to convey to the Committee that in India they have a different mode of taxing the receipts of railways from what they have here?—I am not aware that they have. I only speak from what

Mr. *Samuda*—continued.

is patent to everybody, that the Indian Government do guarantee their railways to make up a dividend of 5 per cent.; and I say, how opposite a policy that is to the one which is exercised in Great Britain.

Sir *Harcourt Johnstone.*

3527. This taxation comes especially hard upon your ordinary shareholders, who, I think, do not get a large dividend?—We get a very small dividend.

3528. In a case like yours, where a very small ordinary dividend is paid, it comes especially hard, does it not?—No doubt.

Mr. *Leighton.*

3529. With regard to the example of India, which you have given, I believe that half the profits, after 5 per cent., go to the Government, do they not?—Yes, after they exceed 5 per cent.

3530. The Government, therefore, gets something out of the railways in the way of profit, does it not?—I think that there has been one or two instances of it; but I see that for the present year something like 4,000,000 *l.* is assigned in the Budget for the interest upon railways.

3531. But the value of the future development of railways in India, after 5 per cent., will go to the Government, will it not?—The half of it, and I believe that they are chartered for a term of years; but at any rate, up to the present time, it certainly has been most burdensome, and is likely to continue so for a great many years to come.

3532. Did I correctly understand you to say that you have thrown four of your railways out of work?—No; we have four branches open for goods and minerals, but not for passengers, because there are a great many expenses to be incurred before you can carry passengers.

3533. Do you mean to say that the remission of this tax would enable you to carry passengers?—If the whole of the duty were repealed, I do not say that that would enable us to carry passengers free of loss; but I am quite certain that the directors would then do so on those lines. If we saved 5,000 *l.* a year (which is about the figure that we pay in duty) by the total repeal of the duty, they would say, "We can be a little more free in our accommodation to the public." As it is, we are working several parts of our line decidedly at a loss.

3534. As a matter of fact, *qua* those lines upon which you do not carry passengers, I do not see how the passenger duty would affect you?—That is very true; but my point is this: that if, for instance, we open a line of seven or eight miles upon which we lose 500 *l.* in the first year, if we are saving 5,000 *l.* a year in duty upon the entire undertaking, we have something to fall back upon.

3535. Then it comes to this, does it not; that the 5,000 *l.* a year which you pay now comes into the hands of the general public, and you think that the general public ought to give this 5,000 *l.* a year in order that the persons who live on those four lines should be carried on those lines?—In the first instance, I think that the 5,000 *l.* a year comes out of the pockets of the public, because you certainly adjust your trade in such a manner that all those taxes must ultimately fall and do fall upon the public.

3536. Then

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Mr. *Leighton*—continued.

3536. Then the proposition is that the general public should give its assistance as far as 5,000 *l.* goes to the persons who travel on those lines?—I say that we consider that as a State tax, it is an impolitic tax; that it is a tax upon sources of industry and production, and that if the tax is remitted, it will enable the companies to give greater accommodation to the inhabitants upon their line. We cannot at present afford to lose the money which it would cost us if we worked a short line at a loss; but if we saved 5,000 *l.* a year by the remission of this duty, we would put up with the loss, and probably in the course of two or three years as the traffic increased the loss would cease.

3537. But if it is the public that pays it and not you, what then?—But we do pay it; I say that the public pays something extra to enable us to pay it; but if we could get the same fare from the public and save 5,000 *l.*, we could work these now profitless lines.

3538. I do not quite understand whether, in your idea, the tax is paid by the companies or by the public?—I take it that it is paid by the companies; some of the companies may recoup themselves, but we have no power to do so. Some companies have power to add it to their fare, and they do add it to their fares, and consequently the public are inconvenienced. If a fare is charged 14 *d.* when the company would otherwise charge 1 *s.*, the public are inconvenienced to the amount of 2 *d.* for every one who travels. We have no such power; our fares are 2 *d.* first class, 1½ *d.* second class, and 1 *d.* third class; and, therefore, we actually pay it out of the penny, and we should certainly not reduce the fare below 1 *d.* if the duty were repealed.

3539. Are you up to your maximum?—Yes, and a very minimum maximum it is, if I may use an Irish bull.

3540. You consider that this inequality of the passenger duty is an injustice to the companies, but that it would be no injustice to the public, I suppose?—I think that it is an injustice to the companies, and it is an injustice to the public. The public would certainly derive the advantage of this 700,000 *l.* if the duty were repealed. I myself believe that there are many companies similar to ourselves who have outlying branches forming a junction with their main lines in different parts, which branches they do not work for passengers, but work as we do, for goods and minerals.

3541. But the injustice of which you complain, which comes from inequality, would only fall upon the companies and not upon the public, would it?—I say that it would fall upon the companies, and I think that the policy of the State should be to facilitate intercommunication which enters into the price of all commodities and the convenience of travellers who pass from one part of the country to another for the purpose of conducting business, and I say that the cheaper that is made the better. Politico-economically speaking, as a matter of opinion, I do not think that it is a fair and legitimate source of taxation.

3542. You do not agree with the witnesses who say that the fares will not be lowered if the railway passenger duty is taken off?—I cannot say that. First of all, what do we pay? We are working a line upon which we are getting 2 and 3 per cent. for a capital of some millions. I do not call that an adequate return, and even if the duty were remitted and it were put into the pockets of the shareholders, it would be no very great bonus. Certainly I may say that we should not reduce our fares.

Mr. *Leighton*—continued.

Mr. *Samuda.*

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Mr. *Ashley.*

3543. Does not your evidence about these branch lines really come to this, that you do not mind working at a loss so long as no part of that loss is represented by a payment to the Government in the shape of duty?—If we had not to put our hands into our pockets to pull out a large sum for this duty to the Government, we should afford to the inhabitants residing upon those branches the convenience of travelling up and down those lines.

3544. So that really you mean to tell the Committee that so long as no part of the loss is represented by the Government duty, you would serve the public at a loss; that is what it comes to, is it not?—Yes, certainly.

3545. You took us to India; let me take you over the water to France; do they not tax the railway companies in France?—I am not aware of what their taxation is; I know very well that their need since the close of the war has been such that they are bound to raise, and do raise, a revenue far exceeding that which we raise in Great Britain, which I was accustomed to think formerly was the heaviest revenue derived from any country in Europe; therefore I suppose that they have had recourse to taxing railways as well as other branches of industry, from its being a necessity for them to meet their State engagements.

3546. Do you know whether or not it was only an increase of taxation on account of the war expenses, and whether taxation upon passenger receipts existed in France before the war?—I am not aware; I only know that in the first instance, upon the establishment of the French railways, they were very much subsidised by the Government, and they had great facilities for the purchase of land, and many other things which enter intimately into the cost of an undertaking, and which invariably, in this country, have been paid for most extravagantly by the companies only.

3547. You were pointing out the inequality upon different railway companies of this payment taking their net profits, and you gave us some tables; but is it not a fact that naturally it is those companies that have the largest passenger receipts that pay the largest per-centage of their profits?—No doubt.

3548. Is it not also a known fact that the passenger receipts of a railway company are by far the most lucrative branch of its business?—I do not think it is a known fact. We, for instance, have a heavy mineral traffic; we know that we never send a train away until it is loaded and composed of so many trucks weighing so many tons, which we know will realise so much per train mile; whereas a passenger train comes up to a platform, and it may take in a good load, or it may take in an indifferent load, and whether it takes in a light load or no load at all, it is bound to go according to our time tables.

Mr. *Samuda.*

3549. And it must travel at a higher rate of speed

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Mr. *Samuda.*

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Mr. *Samuda*—continued

speed than a goods train?—Yes, at a much higher speed.

Mr. *Ashley.*

3550. Taking ordinary goods apart from minerals (which may be an exception), would you not acknowledge that passenger traffic on the great lines is infinitely more profitable than ordinary goods traffic?—No; I should say that ordinary goods traffic was the more profitable. It is rather presumptuous for me to attempt to answer for how much per train mile the Brighton Company earns or the London and North Western Company which goes to Manchester, but I believe that if they made up the accounts they would find that a goods and mineral train would be more profitable to them than the best loaded assenger train; and they (the goods trains) are exempt from taxation. But who would attempt to put a tax upon the trade of the country in that way? I think we should soon have a clamour that would put a stop to it.

3551. You quoted Lord Bacon to us, and you told us that easy conveyance was one of his requisites for prosperity; can you, sitting there, tell me that you really think that a 3 per cent. upon the gross passenger receipts of the railway companies can have any real and tangible effect in diminishing the easy conveyance of people from point to point in this country?—Yes, in the manner in which I have stated I believe that it does. I think that it prevents the increase of accommodation. I have no doubt that the gentleman who may succeed me, the chairman of the Brighton Railway, will tell you they could have given greater accommodation if they had 46,385 *l.* remitted, which I find to be the duty which the Brighton Company paid last year, equal to 1 *s.* in the 1 *l.* on their income, which is tantamount to their paying 1 *s.* in the 1 *l.* more income tax than any one else. Therefore I call it, to say the least of it, an inequitable tax. One must be very Parliamentary in one's language.

3552. Do you think that this duty has any real effect in making the conveyance of people more difficult?—I think that its remission would make the conveyance of people more easy.

Mr. *Macdonald.*

3553. The honourable Member who has just been questioning you has referred to a very admirable quotation which you made from Bacon; when you had made the quotation you said that there was nothing about the railway tax?—Where the wisdom of a man like Lord Bacon announces the axiom that it is desirable for promoting the wealth of a country that intercommunication both for men and commodities should be easy, then I say that the Government, instead of making it an instrument for taxation, should do something, if they did anything at all, to facilitate the intercommunication rather than to obstruct it. No tax can be a facility, and *pro tanto* and to some extent, it must be an obstruction, and must pinch somebody.

3554. Lord Bacon did not say anything against railway taxation, did he, in that quotation?—I doubt very much whether he ever took a ticket for travelling by railway. But what I should wish to say in answer to the honourable Member is this: that if in so rudimentary a state of the country as that in which he lived he estimated so highly the value of such communication, how much more would he have valued it at a time

Mr. *Macdonald*—continued.

when we are struggling with competitors all over the world for our goods, and our manufactures, and our iron, and our coal, and everything else, for which easy communication is so desirable.

3555. Food is a greater necessity for the people than even locomotion, is it not?—No doubt; but locomotion is the means of conveying a vast quantity of food all over the country.

3556. The Government, from the necessity of maintaining the machinery of the State, has been compelled to put taxes upon certain classes of food, has it not?—No doubt.

3557. If the State sees it to be necessary to impose taxes, is it not as well that there should be a tax upon locomotion as upon any other commodity?—That is just what we do not think; we think that it is most injudicious and prejudicial, and that instead of facilitating it hinders trade, and the carriage of commodities generally. We know that tens of thousands of tons of coal come into London from all parts of the kingdom, and greatly from Staffordshire. A question of 3 *d.* or 6 *d.* a ton decides parties where they will send it, or where they will not send it; therefore, I say that the tax upon railways at all, whether upon passengers or upon commodities, is not one that wise statesmen in my opinion would select.

3558. Does not everyone who is taxed in a similar form think it a wrong tax equally with you; and if all such views were carried out how could the government of the country be carried on?—If it were essential, the railways would, I hope, be as patriotic as any other part of the country and would yield to the taxation; but this is a case in which there is no extraordinary need, or in which we think there is no extraordinary need, and where there are other sources from which the money may be raised. One half-penny income tax would relieve all the railways of this much vexed question, and would be hardly sensibly felt by anybody; and now, I think, it is generally admitted that on the smallest occasion of pressure, another penny, or something like it, is put on the income tax, and that is spread more widely and more generally than this tax upon railways.

3559. There is another matter upon which I wish to ask you; is your line entirely a competing line?—No, it is not entirely a competing line by any means.

3560. Are there other lines competing with yours?—There are trades that compete with us very much; for instance, there is the iron trade in South Staffordshire, and we have an iron trade in North Staffordshire.

3561. My question is this: Is there any other line to compete with you?—No.

3562. Then do you charge in every portion of your railway for equal distances, an equal railway fare; are there no portions of your line upon which you charge more than 1 *d.* a mile for third-class passengers, and more than 1½ *d.* a mile for second-class passengers?—I should say not.

3563. Are you sure that there are?—I think I may say that I am sure that there are not, because we should hardly place ourselves in a position to be exceeding our Parliamentary powers, and rendering ourselves liable to a penalty.

Chairman.

3564. Are those your maximums which you have given us?—Yes.

3565. And

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Mr. *Samuda.*

3565. And you believe that they are not exceeded?—Certainly they are not.

Mr. *Macdonald.*

3566. You stated that there were four small lines which you could not work as passenger lines; if you were relieved from the railway passenger duty you say that you would work them?—I say that we should work them; I do not say that we should work them at a profit, but the directors would be prepared to put up with the loss, whatever it might be, upon the working of those four branches if they saved 4,000 *l.* or 5,000 *l.* a year, which they now pay in the shape of railway passenger duty.

3567. We have had it stated very clearly as an opinion that railway companies do not pay the railway passenger duty, but that it comes from the pockets of the public; another statement is that it is only the shareholders that pay the passenger duty; which of those statements do you think is correct?—If the shareholders pay it, the company pay it; I think that in our case it is decidedly paid by the company and the shareholders.

3568. And not by the public?—And not the public.

3569. I understand you to say that supposing that the railway passenger duty were removed, you would not be likely to reduce your rates?—I do not think that we should.

3570. Supposing that all restriction and all Government control were removed altogether, would you maintain your present rates?—I should think that we should, inasmuch as it is but fair that those who have laid out their capital in the enterprise, that is to say, the shareholders should receive something like a tolerable interest for their money. We paid 4 per cent. upon one occasion in the last 30 years; if we are paying 2 or 3 per cent., I do not think that it would be too much that the shareholders should have the great indulgence of dividing 4,000 *l.* or 5,000 *l.* more if they saved it in this duty.

3571. If all control were removed, in order to benefit the shareholders, would you not, perhaps, be likely even to increase the present rates?—We could not increase them; they are Parliamentary rates.

3572. But if that control were removed, might you not increase them?—We could not go beyond our Parliamentary powers.

3573. If I understand the evidence correctly, it virtually goes to removing all Parliamentary control?—My evidence does not go to that at all.

3574. I am glad to hear that that is not the case; you say that your shareholders are not receiving a large return; is it not the same with many of the ventures and undertakings of the country?—I dare say it is.

3575. Do you think that those persons would be justified in coming before a Committee of the House of Commons and asking for the removal of special imposts, because they have entered upon undertakings which are not profitable?—I do not think that that is the cause. When the railway companies entered upon these undertakings, you must recollect that it was rather a lottery.

3576. Is not all business a lottery?—Yes, to a certain extent. We say, "We will make a railway, and you must subscribe your money beforehand;"

Mr. *Macdonald*—continued.

and if they make a railway which does not pay and give a profit, then, I say, that we must, in any way we can, by economy, whether it is in duty or anything else, do something to assist in earning a better return for our shareholders; we are bound to do it. When our railway was projected, no doubt this duty existed; but it existed in common with duties on stage coaches and public conveyances in general; we have found that we have laid out our capital unprofitably; and we have seen that concurrently with the existence of this duty, all similar duties have been gradually withdrawn and repealed on other interests. We, therefore, consider that it is a partiality and an injustice to maintain it upon the railways, and particularly, as I say, where it falls with an incidence which you cannot make fair.

Mr. *Samuda.*

3577. There is one important question which I want to make clear; you pointed out that the remission of this duty would be applied by you in giving the public the opportunity of being served upon your branches where at present they are not served?—Yes, decidedly.

3578. You were asked afterwards by the honourable Member for Poole, whether you intended to convey the idea that in other countries except our own there was no duty; and he led you to France, and asked you a question with reference to the French railways; I think you accepted the honourable Member's view that the French railways were originally charged a duty, but that they are now charged a higher duty; is not the case of French railways totally different from that of our own railways to this extent; that the French railway earth works were actually made by the Government and given to the railways companies in the first instance?—I did not know that.

Sir *Harcourt Johnstone.*

3579. A 5 per cent. duty on the gross receipts as has been suggested by the honourable Member for Poole, would in these days amount to an income tax of 11 per cent. upon the net receipts, would it not, taking the working expenses at 55 per cent.?—It would.

3580. Do you think that it would be a very great act of abstract justice to the existing railway shareholders to charge them an income tax of 11 per cent.?—Decidedly not.

Mr. *Knatchbull-Hugessen.*

3581. I think you said in answer to an honourable Member, that under certain conditions you would not mind working your railway at a loss; I suppose you would rather work it not at a loss if you could?—I spoke of certain branches. We should not work for passengers at a loss. We do not work the railway as a whole at a loss.

3582. What you object to, as I understand, is that a Government which did not help you, either in your first construction or in your after maintenance, should come down afterwards and inflict a tax upon you, whether you are working at a loss or not?—Certainly.

3583. Am I right in summing up your evidence to mean this: that in your case the company, that is to say, your poor shareholders, pay this tax; and that the result is a diminution of the travelling facilities that you would otherwise give to the public?—Undoubtedly that is the fact.

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Mr. Samuel Laing, a Member of the House, Examined.

Mr. *Laing*, M.P.

26 May 1876.

Chairman.

3584. You are, as we know, the Chairman of the London, Brighton, and South Coast Railway?—I am.

3585. Will you state to the Committee what the entire passenger traffic of your company was, in round numbers, last year?—In round numbers, the total receipts from the passenger traffic were 1,200,000 *l.*

3586. How much of that was derived from third-class passengers?—About one-half; about 525,000 *l.*

3587. Can you give the number of third-class passengers carried?—The total number of passengers carried was 25,411,000, of which 20,274,000 were third-class passengers. That, I should say, is not taking into account the holders of periodical tickets, of whom a very large number are carried at fares very much below 1 *d.* a mile.

3588. What was the average receipt from each third-class passenger?—About 6 *d.*

3589. From the first, second, and third class passengers, what was the average receipt?—Between 10 *d.* and 11 *d.*

3590. The inference that you draw from those figures, I presume, is, that there is a great deal of short traffic on your line?—Yes; our traffic is essentially what may be called an omnibus traffic.

3591. What was the amount of duty paid by your company last year?—It was about 46,000 *l.* I find that we paid in the year 1873, 33,753 *l.*; in 1874, 36,346 *l.*; and in 1875, 46,172 *l.*; the increase being owing mainly to the decision in the North London case.

3592. In consequence of that decision, I believe you availed yourselves of the power which you have under your Acts to increase the fares?—Yes. We have in the Brighton Company's Act a power of charging the passenger duty in addition to the maximum fare. We had availed ourselves of that power before the North London decision to a considerable extent upon our first and second class fares; and on the North London decision making us pay about 10,000 *l.* more than we had been accustomed to pay, we endeavoured to recoup ourselves by putting on the additional passenger duty in cases where we had not put it on before, and by what I may call trimming our fares; that is to say, adding to the fares in some of the short distances where our powers entitled us to do so, and where we found that we could get it.

3593. I need hardly ask you out of whose pocket that has to come?—To that extent, of course, it comes directly from the public. In the case of the London and Brighton Railway, out of that 46,000 *l.*, I think, about 30,000 *l.* is charged to the public, and if the whole duty were repealed they would at once get the benefit to that extent. Of that 30,000 *l.* I would say that about 5,000 *l.* has been charged in addition in consequence of the North London decision; we were charging from 20,000 *l.* to 25,000 *l.* previously, and we have charged 5,000 *l.* or 6,000 *l.* a year more since that decision.

3594. Have you endeavoured, as far as you could, to put yourselves within the exemptions according to to the law as laid down by the House of Lords?—No doubt we have endeavoured to make as many trains Parliamentary as possible, so as to escape the duty.

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3595. I presume that you cannot carry that out in all cases?—We cannot.

3596. Where you have been able to carry it out physically, has it led to any inconvenience to the public or to the traffic?—Certainly; I will give one instance which may suffice to show how it has worked for the public. The Parliamentary stopping train from London to Brighton used to start at six o'clock in the morning. I may state that it was limited in the time of starting very much by the necessity of getting the newspapers down to Brighton in time for the morning up express at a quarter to nine; that obliged us to start that train at an early hour. It just kept time there by leaving out two or three very small stations where there are very few passengers. The consequence of the North London decision has been that, to save the duty upon that train, we have had to start it a quarter of an hour sooner, and it now starts at a quarter to six instead of six o'clock; so that the practical effect of the North London decision, as far as the Brighton line is concerned, is that the public have had to pay 5,000 *l.* a year in direct additional fares, and they have been put to the inconvenience of getting up a quarter of an hour sooner on a cold winter's morning than they would have done otherwise.

3597. Why did you start the train a quarter of an hour earlier?—In order to bring in the additional stoppages, so as to comply with the requirements of the Act, and yet to get down to Brighton in time for the morning up express people.

3598. Whilst no doubt the national revenue has gained, the public have been losers, and the company also?—Yes. I merely give that as one specimen of inconvenience; of course in the case of the Brighton Railway short-journey traffic that inconvenience is very much less, but in the case of long journeys, the inconvenience would be something tremendous. In fact, the present state of the law is, that if a poor Scotchman with his family wanted to get down by third class to Edinburgh, it would keep him 24 hours on the journey, stopping at all the stations to escape the tax; while if you took him down in 10 hours you have to pay it. There is, I may almost say, a bonus upon torturing poor people by keeping them a long time in winter upon their journey.

3599. Did you hear the evidence of the last witness, Mr. Samuda?—I did.

3600. There was a point referred to in his evidence which had not been much before the Committee; viz., that the effect of the repeal of this tax would enable companies, and especially poor companies, to give greater accommodation to the public, and, perhaps, to open new sources of traffic; do you agree with him in that view?—I quite agree with him in that view.

3601. I believe that when you first joined the London and Brighton Railway their financial position was not very good?—It was not.

3602. You having brought it to its present prosperity, you can perhaps state from your own experience how the repeal of this duty, and relieving the company from this burden, would affect

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Chairman—continued.

affect the public?—In the first place, I am very far from wishing to take credit to myself for the restoration to prosperity of the London and Brighton Railway, which has been brought about by the efforts of very many able men. However, there is a very good illustrative instance of the main proposition which I should wish to convey to the Committee as the result of my experience; namely, that this tax does practically, in the long run, fall upon the public. As regards the portion which is paid directly by the public, of course there can be no question that it does so fall; as regards that portion which is paid in the first instance by the railway shareholders, I think I can very easily show by the instance of the London and Brighton Company, that the effect does fall back ultimately upon the public. I think it is a great mistake, which some gentlemen fall into who have only a theoretical acquaintance with the subject, to suppose that the fares are limited and the amount of accommodation prescribed simply by the dry calculations of pounds, shillings, and pence, or what will give the greatest immediate profit. There are a multitude of complex considerations always weighing upon railway managers, and always pressing in the direction of a liberal policy. In the first place there is the natural desire for popularity. Railway directors and railway managers are brought very much in contact with people in the locality, and they naturally all rather wish to be popular, and to have a good name than the reverse. Then again, there is the fear of competition. You always know that when your railway has reached a certain point of prosperity, competition is possible, and, I may almost say, is imminent, if you do not keep your house in order. For instance, only this very year we had a proposal for a competing line to Brighton; that is not the first of the sort; there have been three or four proposals for a competing line to Brighton. This year a competing line was brought forward. How was that defeated? Very much indeed, because we tried to carry out a liberal policy to the public, and so far satisfied them that the rival scheme could get no local support; and it was ascertained that even the Brighton Corporation, by a large majority, would have petitioned against it. There is a constant inducement to us rather to carry out a liberal policy, and to keep fares as low as we can, consistently with gaining anything like a decent dividend for our shareholders, than to adopt the pennywise and pound foolish policy of endeavouring to screw a very high dividend out of the public this year, with the certainty that we should make so many enemies, that if a competing line were brought forward next year we should have no chance of defence against it. The public accommodation is not a question of fares only, but to a still larger extent, that of accommodation and convenience. The number of trains, the punctuality of trains, the sort of accommodation that you afford, the accommodation at stations, in many cases of giving railway accommodation to out-lying districts that require it, all that means outlay of capital; and the condition of outlay of capital on railways is a premium on the existing capital. If the old capital is not at a premium, it is impossible to raise money for such purposes, however desirable they may be. I would illustrate that by the case of the London, Brighton, and South Coast Railway. I have in my hand a tabular statement which is

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contained in our last half-yearly report, and therefore it is not evidence made with regard to the railway passenger-duty question; but it shows our position. It shows that in the year 1867, when we came in, not only could we pay no dividend to the ordinary shareholders, but there was a large deficiency in paying the preference interest. We gradually crept up step by step in our dividends, 10*s.*, 15*s.*, 2*l.* 10*s.*, 3*l.* 5*s.*, 4*l.*, until at last we got to 5*l.* per cent. During all that time, of course, our shares were at a discount; during all that time, of course, we could not raise capital except for most urgent and indispensable objects.

3603. I suppose that every sovereign that you could save was of importance to you during this struggle, as it were?—In 1867, when we came in, the line being on the very verge of bankruptcy, we were obliged to raise some money in order to meet our creditors and keep out of the Bankruptcy Court. To do that we had to issue ordinary shares at 55 per cent. discount to give 100*l.* share for 45*l.* cash to our shareholders; and now that we pay 5 per cent., that is equivalent to having raised money at 11 per cent. I need not say that we did not raise a penny more than was absolutely necessary. For a series of four, or five, or six years, we were not in a position to find the capital for a great many objects which were most desirable for the public accommodation.

3604. Of course the more this presses against the company, from your point of view, the more disadvantageous it is to the public?—Yes. Take that particular year in which we could not pay even our preference dividends; in that year I find that we were paying 89,616*l.* in taxation between Government duty and the local taxes; that would have been equivalent to a dividend of nearly 1½ per cent.; and so in each year. If we had had no taxation, either to the Government or to local rates, we should have been about 1½ per cent. ahead of the position in which we actually stood.

3605. Or, to put it in another way, you would not have been obliged, probably, to have raised your money at such a ruinous discount?—No; and we should so much sooner have arrived at the position in which we could raise money on fair terms, and therefore be able to carry out some of these improvements. I will only specify one or two of those improvements. Take punctuality: there is nothing in which there is a greater outcry from the public, than that your trains should be punctual; to have your trains punctual your first requisite is to have plenty of locomotive power; you must be what I call over horsed, to use a sporting simile, if you ride 12 stone you must have a horse up to 14 stone, because there are emergencies in which you want extra engine-power. Then you must be over manned at the stations, because at some small country station, where perhaps two porters will do the ordinary work, it will happen every now and then that you have extra passengers or horses, or things of that kind, and unless you keep three porters there there will be delay at the stations. So that punctuality is very much a question of rolling stock, and of continual outlay at the stations. In the same way there is the block system and interlocking signals; I suppose that all those things are costing us not less than 100,000*l.* outlay of capital, and 20,000*l.* or 30,000*l.* a year additional annual outlay. We do that now cheerfully and willingly,

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willingly, when we have got a 5 per cent., or even a 4 per cent. dividend; but in the former period, when we were paying no dividend at all, even on our preference stock, we could not do so much as we could have wished; therefore that falls back upon the public.

3606. Indirectly?—Indirectly.

3607. Of course, with all these railway companies it is a question of degree; the richer the company the less it affects them, and the poorer the company the more it affects them?—Yes. You may assume that as soon as a railway company's shares get to a premium, on the one hand it becomes exposed to pressure from without and danger if it does not pursue a liberal policy, and on the other hand it is provided with the means of carrying out that liberal policy. Therefore anything that checks the prosperity of a railway company or the flow of capital into railways, does practically, in the long run, fall back upon the public in the way of diminished accommodation.

3608. Do you have anything to do with workmen's trains at all?—Yes; I forget the exact number, but we run some considerable number of workmen's trains.

3609. You have given us the special facts as to the railway with which you are connected; I believe you can give the Committee some information of your own knowledge as to the origin of this tax: you were, I think, cognisant of what was going on?—I was so far cognisant of it as this: that in those days I was secretary of the Railway Department of the Board of Trade, and therefore looked at it from a different point of view. I was secretary when the Committee sat which recommended the cheap train system with the remission, and when the Act was passed by which the cheap train system was established.

3610. From your own knowledge, and with reference to the discussions which took place at the time, what is your view as to what led to the imposition of this tax?—There is no doubt that what led to the imposition of the tax upon railways was the existence of the tax upon stage coaches and other modes of conveyance with which railways would be competing, or which they might be superseding. That appears distinctly from the debates at the time.

3611. Have you read the evidence which Mr. Forbes gave upon this point?—I have.

3612. Do you agree with him?—I quite agree with him. I have looked up a number of references to Hansard from the Debates at the time, but I may give you one quotation. Lord Althorp, who was Chancellor of the Exchequer at the time, "stated that he concurred with the honourable Member for Middlesex" (the late Mr. Hume) "in thinking that the country would gain by taking off the tax upon coaches instead of laying a tax upon railroads; but at the same time the tax upon coaches brought in a considerable revenue." That shows quite clearly that he thought it would be a better thing, if they could afford it, to take the tax off both. It was evidently assumed that if railways were taxed stage coaches should be taxed, and that if stage coaches were not taxed railways should not be taxed; he thought that it would have been a better thing to have got rid of them all, but the state of the revenue did not admit of it.

3613. Upon grounds of equity and justice, what conclusions would you draw as to the relation between the tax on stage coaches and the

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tax on railways?—I draw the conclusion very strongly that the two should go together. Supposing that at the time when there was an import duty upon foreign sugar, you had had some large companies formed here for the manufacture of home-grown beetroot sugar, and a countervailing excise duty (very properly) put upon home-grown sugar, when the time had come to repeal the duty upon foreign imported sugar I think that it would have been a very great grievance to the companies who were manufacturing the beetroot sugar if you had not taken off the countervailing excise duty.

3614. Then when one goes the other ought to go?—Yes; because they are *in pari materiâ*, and they are in positive and direct competition the one with the other. On the London, Brighton, and South Coast Railway our average fare is only 6 *d.*; that is because we have, in fact, either in direct or indirect competition with us other modes of conveyance for very nearly the whole of our traffic.

3615. Have you referred to a Report which was made by the Select Committee on Railways, which was ordered to be printed by the House of Commons in 1844?—Yes; that is the Committee to which I referred, which was sitting when I was Secretary to the Board of Trade.

3616. Does that Report at all bear upon the question of monopoly, which has been urged to some extent by some witnesses against the railways?—It bears somewhat upon the principle of monopoly. I refer to it more especially as bearing upon the question of the exemption of cheap trains; but I think that it refers to monopoly merely as going into the general principle. Inasmuch as you cannot multiply indefinitely the number of railways to a place, you must assume that there is a certain amount of monopoly which must be met by a certain amount of regulation.

3617. Are there any passages in that Report to which you wish to draw the attention of the Committee?—The chief passages in that Report to which I wish to draw the attention of the Committee are paragraphs 11 and 13. At paragraph 11 there is this resolution: "That the companies may be required to provide upon such new lines of railways, as a minimum of third-class accommodation, one train at least each way on every week day, by which there shall be the ordinary obligation to convey such passengers as may present themselves at any of the ordinary stations, in carriages provided with seats and protected from the weather, at a speed of not less than 12 miles an hour, including stoppages, and at fares not exceeding 1 *d.* per mile," with other conditions.

3618. Will you put your interpretation upon that?—I would rather put the interpretation of that Committee upon it. The next resolution is, "That the tax upon the receipts from such conveyance of third-class passengers should not exceed one-half of any duty that may be laid upon the general traffic of railways." That was the general recommendation of the Committee. Afterwards, in the passing of the Bill founded upon the recommendations of the Committee, there was a good deal of opposition from the railroad interests of the day, and part of the compromise by which the Bill passed was, that there should be a total remission of the duty in certain cases. But the interpretation which was put upon

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Chairman—continued.

upon it by the Committee in the next resolution is very clear. It says, "That the Board of Trade have a discretionary power of dispensing with any of the above requirements, and of allowing alternative arrangements which shall appear to it to be better calculated to promote the public convenience upon any particular railway."

3619. That was what Mr. Forbes referred to, I think?—Yes, I take it that the intention of the Committee was clearly to encourage third-class traffic, and they said that given, that fundamental condition of the penny a mile and the covered carriages, the Board of Trade should have the power of dispensing with any of the other detailed conditions, provided that they thought that what the Railway Company proposed was better for the public.

3620. You would also agree that by some means or other the Act of Parliament does not fully and thoroughly carry out what you would take to be the views of that Committee?—Bowing, of course, to the interpretation of the Act of Parliament, which was given by Lord Cairns in the House of Lords, I should say decidedly not. If the case which has actually arisen could have been brought before the Committee at the time, or before the House of Commons, and the question had been asked, "Is this what you mean; that if we take third-class passengers to Edinburgh in ten hours under those conditions, we shall pay the tax, while another railway company who keep them twenty-four hours on the journey shall not pay it?" the Committee would have said at once, "That is not what we mean; the Act must be worded so as to include the former train."

3621. You put it, that the resolution of the Committee, and the intention of the Committee was, that the dispensing power should be general, whereas the late decision has limited this dispensing power?—I think so.

3622. If the resolutions had been carried out, as you suggest that they ought to have been carried out, those difficulties which have now arisen, and which show that the law is entirely inapplicable, would not have arisen?—No; of course the general question as to the policy of any duty at all would have remained; but that is rather a larger question of revenue for the Chancellor of the Exchequer to consider.

3623. But if there had been an elasticity given to the Board of Trade to dispense with certain conditions under certain circumstances, then the obligation and the exemption might have worked fairly well for the companies and the public independently of taxation?—Yes; assuming that duty must be continued for the purposes of revenue, then I think that if the intention of the Committee had been carried out, as it would practically be by the suggestion made to the Committee by Mr. Rickman of fares at and under one penny per mile not being taxed, it would have worked fairly.

3624. Were you a party to drawing up those resolutions at the time?—Mr. Gladstone was at the Board of Trade and on the Committee, and I think that the resolutions were drawn up by him as Chairman, if I recollect rightly.

3625. You were cognisant of what was going on at the time, I presume?—I was cognisant of what was going on at the time. Whether I may have drawn the first drafts of them for Mr. Gladstone or not, I cannot quite recollect at this distance of time; but I think that, practically, Mr. Gladstone, at the Board of Trade, drew the resolutions, and the Committee discussed, and perhaps, altered and adopted them.

3626. You have stated your views as to what you consider to be the injustice of this tax, and the effect that it has upon the companies and upon the public; have you turned your attention at all to the suggestions which have been made by Mr. Farrer and by one or two other witnesses as to substituting something else for it?—I have.

3627. Mr. Farrer proposed, I think, a tax of 3 per cent., without exemptions, upon gross passenger receipts; what do you say to that?—The great objection to that would be the shocking inequality and injustice of its incidence as between different railways. For instance, it would suit the Brighton Railway Company very fairly; we should pay 36,000*l.* where we are now paying 46,000*l.*; but on the East London Railway, which we work, which is not at present earning enough to pay even its debenture interest, I should think that it would be very hard indeed if you stepped in and took out of a fund which is insufficient to pay even the creditors of the line a sum equal to 3 per cent. upon the gross earnings, which is equal to 6 per cent. upon the net earnings of that line.

3628. There was another suggestion, of what was called for brevity's sake establishing a sort of payment in the nature of a quit-rent; that is to say, that taking 450,000*l.* or 500,000*l.* as the point, there should be contributions from the different railways, under certain conditions, as a substitute for the present mode; what do you say to that?—To that I can only say again that it might not be a bad compromise for railways, as we are a growing interest; but I cannot for a moment imagine that any Chancellor of the Exchequer or that the House of Commons would admit as a principle, that while a certain tax is to be kept up its expansion and growth is to be limited.

Mr. *Ashley*.

3629. Another difficulty is, that no new companies, of course, would beliable to it?—I do not attach much importance to it, because I decidedly consider that it is not a practical suggestion; I cannot imagine Parliament or any Government letting in the thin point of the wedge by admitting a principle so excessively dangerous that any branch of revenue is not to grow and expand with the growth of the country.

Chairman.

3630. You think that on grounds of justice to the companies and on public grounds, the tax ought to be abolished altogether?—I think so, decidedly, upon grounds of public policy if the revenue can afford it. Sir Robert Peel, although he condemned taxes on locomotion in principle, did not repeal them for a very good reason, that is to say, because there were a great many worse taxes. I do not mean to say that this tax should be repealed, and that a corn duty or a duty on food or raw materials should be imposed to supply the deficiency; but if there were a sufficient surplus, I certainly think that upon grounds both of justice to railway proprietors, upon whom part of the tax falls in the first instance, and of public policy, seeing that I believe the whole of the tax falls ultimately

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ultimately upon the public, it would be well to repeal it. If you did not repeal it, I think that equity would say, restore the tax upon horses and upon other modes of conveyance, which I think would be a very bad thing indeed.

3631. Another suggestion, which was made by Mr. Rickman, was, that until that happy time should arrive when the revenue of the country could afford to dispense with this large sum, all fares at and under 1 *d.* per mile should be exempted from liability to any duty at all; how do you think that that would work?—I think that that would be a very good practical way of dealing with the difficulty. The only objection that I know to it is, that by removing the most objectionable and grievous part of the tax, we should perhaps be less likely to get rid of the remainder of it; but looking at it otherwise, I should say that it certainly would remove the glaring injustice of the present mode of assessing the duty, and it would give the public a large amount of immediate relief, and indirectly, I think, a great deal of benefit. There are many cases where the fares would either be reduced down to the 1 *d.* a mile to get the benefit of the exemption, or it would just decide the question against your doing so where it was a nice turning point as to whether you should add the duty and go above your present charge.

3632. That would still secure to the Chancellor of the Exchequer something very nearly approaching what he was getting from the railways previously to this decision of Lord Cairns, would it not?—I think that it brings it to very nearly the same figure. Of course I take that suggestion of 1 *d.* per mile to mean that it would apply to all cases, irrespective of class, where the charge was at or under 1 *d.* per mile, because there, I think, is where the public would very often get the benefit of it. There are a great many second-class return tickets, where the fare is just above 1 *d.* per mile now. Supposing that it is 1½ *d.*, and that you charge a fare and a half, it brings it to 2¼ *d.* for two miles for the return; in many of those cases you would reduce it to 2 *d.*, so as to bring you within the exemption. In the same way with the season tickets; you would no doubt multiply and extend your system of season tickets considerably, that being the one upon which the public get the greatest benefit of any, because we are carrying first-class passengers at a good deal less than ¼ *d.* a mile upon season tickets.

Mr. *Arthur Peel.*

3633. In the event of some change being made, it is important, is it not, that on our way to abolition, or in the way of relaxation, we should adopt some principle?—Yes.

3634. What principle do you see in exempting fares under 1 *d.* per mile, except as a step towards the total abolition which you desire?—The principle which I should see in it would be this: that if you cannot get rid of the tax altogether, you want, at any rate, to get rid of these anomalies which have been introduced with such adverse effect to the public by the North London decision. Then I would observe again, that I think it is a great mistake to look at the tax as if the exemption of fares at 1 *d.* per mile were an exemption in favour of any one particular class as against others, because the third class is open to all classes of the community, and, practically, we

Mr. *Arthur Peel*—continued.

know that people in first and second class positions in society do very often travel by the third-class carriages, and they always may do so. Then again, the third-class fare does, to a very great extent, regulate your fares all through; you cannot raise your second-class fare too much above your third-class fare, or your first-class fare too much above your second-class fare.

3635. Would you see this additional advantage in exempting from the tax all fares at and under 1 *d.* per mile; that the public, under that remission, would obtain greater advantages than by any other modification of the tax short of abolition?—That would be so. Assuming that you could afford to get rid of about the amount which would be required to give effect to this exemption of fares at and under 1 *d.* a mile, I think that that is the mode in which you could apply the 200,000 *l.*, or whatever it is that would be required for the purpose, with most advantage to the public.

3636. Do you think that that would leave any security in the hands of the Government that the third-class passengers would be properly looked after in point of accommodation?—Yes; because you might retain the condition of the Board of Trade having to certify the train. You must have your covered carriages, and you must have a certificate, I suppose, from the Board of Trade. You either might do that or you might trust to the general state of things. It is absolutely certain now that no company would ever go back to open third-class carriages.

3637. I was regarding the duty with the system of exemptions as a sort of material guarantee in the hands of the Government in the interests of third-class passengers; do you regard it in that light?—Yes, operating through the third-class passengers upon all passengers. I should have no objection if the Board of Trade like to retain that supervision over the details. It is rather for them to say whether it is worth while for a department to be troubled with the supervision where it is so manifest that it is unnecessary.

3638. What should you say as to the policy of retaining the Parliamentary cheap trains?—I do not see any advantage in that. I think that if you had an exemption of fares of 1 *d.* a mile or under, simply without anything else, it is evident that the third-class people would get a great deal more accommodation than was ever intended at the time, or than the Board of Trade would be likely to force upon the companies; but I should myself have no objection to the certificate of the Board of Trade being still required, although your fares were at or under 1 *d.* per mile, provided the Board of Trade certifies that you are giving fair and reasonable accommodation with covered carriages, and fair and reasonable accommodation to the different stations by your system generally.

3639. All your arguments, I think, have gone upon the assumption (I do not say that it is not a very proper assumption) that the duty presses upon the public, and that if it were remitted it would go into the pockets of the public; is that the foundation of your argument?—I have shown that in the case of the Brighton Railway Company, about three-fifths of the duty is charged directly to the public, and therefore they must get the benefit, because we must reduce the fares in some cases, or we should be beyond our maximum;

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Mr. *Arthur Peel*—continued.

mum; and beyond that indirectly we should be led to reduce in other cases, so as to bring ourselves within the penny a mile.

3640. You hold, I suppose, that if the duty were remitted altogether it would benefit the public and the railway companies also?—I think it would benefit the railway companies in the first instance to some extent; but, as I have already stated, the prosperity of the railways is perfectly certain to be shared in by the public. The pressure of public opinion and the fear of competition, and one thing and another, always enables the public to get the benefit out of the companies in some form.

3641. I understand you to say that in one year the Government duty and local taxation payable by your company amounted to 1½ per cent.; therefore if the duty were remitted it would increase your dividends, would it not?—It would not increase the dividend in our case to that extent; because we are charging so much of it on to the public, and we should have to remit that charge to the public. The Brighton Railway would only profit to the extent of some 15,000 *l.* a year in the first instance; and the rest of it would go directly and at once to the public.

3642. But the benefit to the public would react in the end upon the railway companies?—Yes. In the case of the Brighton Railway we have now just worked up to a 5 per cent. dividend, and turned the point where we have got a small premium. Of course it is a great object with us to retain that position and not to fall back, and we are obliged to be a little careful how me make experiments in the way of remissions, and reductions and extensions. If I had that margin of 15,000 *l.* in reserve between me and any falling below that 5 per cent. dividend, undoubtedly we should carry out experiments beneficial to the public sooner and more largely than we can venture to do now.

3643. Do you think it is a ground of objection to the proposal of remitting all fares at and under a penny a mile, that it would be difficult hereafter to exempt the railway companies from a duty which fell upon the higher class of passengers?—I do not. To a certain extent, of course, if the shoe does not pinch quite so tightly you are less likely to get total relief. There is something in that, perhaps. So long as we remain in the position in which the North London decision has placed us, I think the grievance is so crying that it must be remedied.

3644. That only comes to this: that the juster the tax the less chance you have of getting rid of it?—No doubt.

Chairman.

3645. That you would not take the chance of?—We would take the chance of that. The present state of things is so unsatisfactory since the North London decision, and so adverse to the public interest, that I would take my chance of the other.

Mr. *Macdonald.*

3646. You stated, did you not, that at the present moment there were persons asking for a new line to Brighton?—There were a few months ago.

3647. Those persons have a full knowledge of the railway passenger duty before their eyes, have they not?—Yes.

Mr. *Macdonald*—continued.

3648. And they are not deterred from making railway lines by the fact of the existence of the railway passenger duty?—The public were deterred from subscribing, by the conviction that a second line would not pay; and one element of that conviction, no doubt, was the existence of the railway passenger duty.

3649. Have they applied for powers to make that line?—No, because in the first place they could not get the money, and in the next place they ascertained that there would be an opposition from local interests; that the town of Brighton generally would have opposed a second line.

3650. Would not the London and Brighton Company have opposed it?—Yes.

3651. We have had it stated here that stage coaches and omnibuses are competing with railway companies?—Yes, in many cases they are.

3652. Would the stage coaches have any *locus standi*, for the purpose of petitioning against or hindering the making of a new line of railway?—No, I do not suppose that they would.

3653. Then does not the very fact that you have a position of that kind given to you imply that you have a privilege which is not afforded to the general public and to others who may desire to carry people by stage coaches or otherwise?—Of course railways are in a different position from small private enterprises, like stage coaches and country omnibuses, which do not require much capital. Railways in different countries are carried on on very different principles, varying from the most absolute and exclusive monopoly up to a very complete system of free trade. In Belgium, the railways have been made by the State; in France, they are close monopolies under Government control; in the United States of America there is pretty much free trade in railways; any one may make a railway any where who can find the money, and railways may combine and amalgamate amongst themselves, and do as they like. In this country, railways are in rather an intermediate position; they are nearer the free-trade line perhaps than the monopoly line.

3654. Do you mean to convey to the Committee that in America railways are made without application to the country, or to the State, or to the central Government, for powers to make them?—No, but they get them as a matter of course; they do not always get assistance as a matter of course, but if any body of men came forward and said: "We want to make a line of railway from 'A.' to 'B.,' and will find the money and the land and the materials, and make it;" I do not think that any American Legislature would say: "You shall not do it, because you will injure some other line."

Chairman.

3655. There is no court of referees and *locus standi*?—Certainly not.

Mr. *Macdonald.*

3656. On the entire of the London and Brighton line, are your fares equal for equal distances in every 10 miles alike for the first, second, and third class passengers?—No; I should explain that the London and Brighton Railway is one on which we are obliged to introduce the greatest possible variety of charges. The traffic on the London and Brighton line is a thing that often surprises me as to how a million

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million and three-quarters of gross receipts are got out of one part of a pure agricultural county, Sussex, without minerals or manufactures; and it has to be coaxed up, if I may so express it, by suiting your trains and fares to the circumstances of the case. For instance, in the case of a family going down to Brighton, a single journey, and staying two or three months, it is not of so much matter to them whether they pay 10 *s.* or 12 *s.* 6 *d.*; but the great thing that they do want is, that the head of the family, who may have to come to London, should be able to get a very cheap periodical ticket, at perhaps, a farthing or a halfpenny a mile, and have a great number of trains at convenient times; and so we are constantly adjusting our fares all over the line, charging excessively low fares in some cases, and of course compensating ourselves by charging our maximum in others.

3657. Did I correctly understand you to say that you added the passenger duty after the decision given in the House of Lords, to your railway fares?—We made further additions; we had previously added the passenger duty on the first and second class, but when we found that we were made to pay 10,000 *l.* a year more than we had ever expected, or thought we ought to pay under the intention of the Act, we cast about to see how we could get some of it back again.

3658. The railway passenger duty is 5 per cent., is it not?—Yes.

3659. Did you in any case increase your fares 100 per cent.?—I do not know that we increased our fares 100 per cent., but what we did was this: of course there were a very great number of cases in which we could not put the addition on, because there was a competition of omnibuses, tramways, and other conveyances. We had to put it on where we could, and in revising those fares we made the addition a good deal in some of those very small fares for very short distances. Supposing that you had two country stations only a mile and a quarter, or a mile and a half apart, and you were charging 1½ *d.*, in a good many cases we made that an even 2 *d.*; and in that way, no doubt, the effect of the North London decision was to force us to increase the fares in particular cases, very much more than the 5 per cent.

3660. Then the effect was that you took the advance where you could get it without any reference to the 5 per cent.?—We took it wherever we thought we could get it without injuring the traffic or doing an injustice. That sort of short traffic in local districts, where you are only getting 1 *d.* or 2 *d.* out of a passenger, is a very unprofitable traffic; low fares like that only pay you where you have millions to carry, but in running a train past those country stations, if you have two or three passengers getting in and going a mile or two, the fare being 2 *d.* or 3 *d.*, that is not a paying traffic, and, as regards many of those stations, I believe we should gain money if we could shut them up altogether.

3661. We have heard a great deal of the desire of the companies to give cheap fares, and in your case at least you have, where you could get the opportunity, made a very considerable advance on the fares, irrespectively of whether they were rich or poor, or third-class passengers, or first-class passengers, have you not?—The unexpected demand for the taxation, owing to the North London decision, took 10,000 *l.* a year out of our pockets; and I do not for a moment deny the fact that we cast about to see where we could get as much as we could of it back out of the public without injuring the traffic, or doing anything that would be harsh or unjust.

Mr. *Macdonald*—continued.

3662. So that it was really the interest of the company, and not benevolence to the public, that guided you to the higher rates?—I do not profess for a moment that it was benevolence to the public; all I say is that I think the true interest of the company, in the long run, always leads them to pursue a liberal policy, with fair regard to the interest of the shareholders, and that if by heavy taxation you pull them down below a fair dividend, then the public suffer. There is a practical instance of what taxation did; it made us put on fares that we should never have thought of raising if the Court of Exchequer would have let us alone.

Mr. *Ashley*.

3663. Putting aside the question of how far the origin of the tax ought to influence the consideration of its maintenance, is it not true that when railways were first started, and therefore first taxed, the notion was that they would be roads on which other people would run trains besides the people constructing the railway?—I think that that was the theory in the first instance.

3664. And then afterwards it was found that that theory was impracticable, and therefore undoubtedly railway companies have now a monopoly of the roads on which they run their trains, have they not?—They have a monopoly of the conveyance on their own particular road.

3665. It is true that another company may come and run a road alongside theirs, but they have a monopoly of the road which they use, have they not?—They have.

3666. You gave us as an illustration, customs duty on foreign sugar and excise on home-grown sugar; but surely it is a very poor compliment to the railway companies to say that stage coaches compete with them now equally as foreign sugar would compete with home sugar; do you mean to put it to the Committee as a comparison that stage coaches at the present day compete with railway companies upon the same footing as foreign-grown sugar competes with home-made sugar?—It is a question of degree.

3667. Is not the fitness of a comparison always a question of degree?—I think that that is so to a very great extent. Take our instance at Brighton; if we were materially to raise our charge to Brighton, what would be the result? We now take a great many people down there very cheaply in excursion trains; some of those would go by steamer (untaxed) to Ramsgate and Margate; others would go to Richmond or Hampton Court by van; others would take an omnibus to Hampstead or Highgate, and so on. So that in fact we are in competition as to the great bulk of our traffic, with every pleasure conveyance, railway, steamboat, and omnibus from London.

3668. What, roughly, would the working expenses of the London and Brighton be for the year 1875?—Forty-seven per cent., and in money 817,814 *l.*

3669. From what you have told us to-day, I gather that the remission of this duty would put into

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Mr. *Ashley*—continued.

into your pockets merely 15,000 *l.* a year?—About that amount.

3670. Would you not give at least a small portion of it in dividend to the shareholders?—I think that if the duty were remitted in our case we should use it principally as a reserve for what I may call our 5 per cent. dividend; we are proposing now to spend a good deal of money in carrying out various improvements that we have been obliged to postpone owing to our shares being at a discount. For instance, there are two lines of railway to occupy wide districts of country which are at the present time without railway communications; one between Eastbourne and Tunbridge Wells, and the other between Chichester and Midhurst. We are proposing to carry those through; we do not do so in the belief that there will be any immediate profit; I do not suppose that they will pay, but they will fill up and accommodate a district which ought to be accommodated; and I think with 15,000 *l.* a year in reserve we should go on with those things with more confidence.

3671. The drift of my question was this: that, taking your working expenses at 817,000 *l.*, how, out of a paltry addition of 15,000 *l.* to your means, are you to attain these extraordinary results, of extra punctuality and extra locomotive power, and the other development and advantages which you told the Chairman would be the result of the remission of the tax?—I think that I can perhaps satisfy you upon that point. Whatever we saved by that you must capitalise at 20 or 25 years' purchase. We want to raise capital, say to improve our locomotive power; that is being done now; but supposing that we wanted 100,000 *l.* to buy new engines, the question whether we could raise that 100,000 *l.* or not is very much one of whether our old stock is at a discount or at a premium. 15,000 *l.* a year, though it is a small sum, is about one quarter per cent. dividend on our ordinary stock, and that at 25 years' purchase, makes a good deal of difference in this way; in a great many cases it just turns the scale of whether you are able to raise the capital and carry out those improvements without getting into hot water with your shareholders. That is what it comes to; you want to keep your shareholders in good humour by when they have got a good dividend keeping it up; and on the other hand you want to lay a foundation for the permanent prosperity of the line by carrying out necessary improvements.

3672. Do you happen to know whether there is any duty on the railways in America?—There is no general Government duty, but there are State duties, I think, each State taxing its own railways. The ordinary stock I believe is taxed.

3673. As you very correctly said, railways in England occupy a half-way house between the American free-trade in railways and the more monopolised railways of the continent; so that the English railways have a greater monopoly than the American railways?—I have never contended for a moment that a tax upon locomotion is a thing so absolutely bad and unjustifiable in principle that if you have to raise a very large revenue you may not impose it. All I say is, that it is a tax that you are very much better without if you can afford to spare it; but if not, and if you have to levy it at all, you ought to levy it also upon other modes of conveyance.

Mr. *Ashley*—continued.

3674. One witness said that it was an unfair tax, because it was not a tax upon the general public, but a tax upon the travelling public; do you think that that is a distinction founded upon common sense; is not the whole public a travelling public?—I think the whole public is a travelling public.

Mr. *Leighton*.

3675. Mr. Samuda told us that his railway company would be willing to work their lines at a loss if the railway passenger duty were taken off; would you support that statement with regard to your own line?—Certainly; I think that there are many cases where you would work a small branch. The instance which Mr. Samuda gave was putting a passenger train on a small branch which would not pay of itself, but which they would be willing to work if they were put in a better position by the remission of the railway passenger duty.

3676. There are several railways then, in fact, which would throw over their shareholders and regard the public?—I think that directors are always in a sort of intermediate position between the shareholders and the public; but I feel very strongly that if I do my duty to the public and pursue a liberal policy, and so keep off competing lines, I am doing my duty better to the shareholders than if I drew the strings too tight, and squeezed as much as I could out of the public. I think there is quite a disposition on the part of the railway managers to adopt a liberal policy.

3677. You use the term "liberal"; but is it not simply a question as to what is wise policy in the interest of the railway companies in the long run?—Yes; no doubt they run together; they coincide.

3678. Is your passenger traffic increasing?—It has been increasing rapidly for the last few years. The increase is not so great now, but that is owing to a little stagnation at the time.

3679. It has not decreased in consequence of the increase that you have been obliged to make in the fares?—I do not think that has been perceptible.

3680. The tax thrown upon the public, then, does not prevent the public from travelling?—Of course the amount is very small, but every little tells. To come back to the sugar; it is something like a tax that comes to the fraction of a penny per lb; if the duty were even as low as that it would be difficult to say that in any special instance a man would buy sugar cheaper, and yet in the long run the price of sugar is affected.

3681. Of course it stands to reason that if you tax a thing it affects its development; but in practice have you found that the effect of taxation has been such as to hinder the development of passenger traffic?—I should not like to say even that positively. I have always found in my experience that any reduction of fares that you can make to the public is responded to by an increase of traffic; and, therefore, although it is putting on only 5 per cent., I would not say that it has not diminished the traffic somewhat.

3682. But in point of numbers, in your particular case, has the increase of fare diminished the increase in the number of travellers?—I could hardly say that positively, because we have been in a period of great expansion of traffic,

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and certainly an increase of 5 per cent. in only a few cases has not been sufficient to arrest the general progression of traffic; take the case of Brighton; it is a question between 4 *s.* 6 *d.* and 4 *s.* 3 *d.* third class; I cannot say that if we could reduce it to 4 *s.* 3 *d.*, as we should do if the duty were repealed, we should not have more passengers.

3683. But you cannot say that you have got less by increasing the fare?—I think that to a certain extent, we have not increased so rapidly as we should have done if we had not charged the duty.

3684. Supposing that there were a 3 per cent. duty charged, you say that there would be a grievous inequality between the different railways; would that inequality be greater than it is at present?—Yes, I should think that it would.

3685. How would it be greater; because it would affect the passenger traffic just in the same way as the present system affects the passenger traffic, and it only affects the passenger traffic in both cases?—That is, of course, one of the great grievances that one complains of in the present case; that is to say, that it affects the passenger traffic only, and therefore affects different companies in different ways.

3686. My question is merely whether the change to 3 per cent. would be more unequal than the present system?—I should think that it would, on the whole, be more unequal; but I am not prepared to say, without looking into the figures of a good many of the different companies.

3687. You would draw no distinction between the public and the travelling public; but surely there are a great number of persons who hardly travel at all, and it is not fair when you talk about the public to say that the public and the travelling public are identical terms?—I think that it would be very difficult to find any of the public who do not either travel and benefit directly or benefit indirectly. For instance, a landowner may never happen to travel by railway, and may be laid up with the gout, and yet the value of his estate may be doubled by a railway being made to it or through it.

3688. But I am talking of the fairness or unfairness of the railway passenger duty; when you say that the public would benefit by its abolition, you only mean that the travelling public would benefit?—I think that you must go a little beyond that, because the benefit of the railway, as I have already stated, is not confined to the travelling public. Taking those lines to which I referred, viz., between Eastbourne and Tunbridge Wells, and Chichester and Midhurst, by making those lines we shall benefit all the landowners and all the farmers; there is a great poultry district, and we shall benefit all the old women who have eggs to sell, in fact, the whole of the population of that district will be benefited by the construction of that railway, whether they ever travel by it, or not.

3689. That will not be affected by the railway passenger duty?—I endeavoured to point out that our possibility of doing that just turns upon our maintaining a certain dividend, and that the railway passenger duty of some 15,000 *l.* just keeps us below that point; it has kept us back. That district would have had the benefit of that railway a year or too sooner, I have no doubt, if there had been no railway passenger duty; and if you doubled the railway passenger duty to-morrow, the effect would be that those districts would have to wait two or three years longer.

3690. Then you disagree with those witnesses who have said that the railway passenger duty has not hindered the development of railways?—There cannot be a question that is has hindered the development of railways. I think it is utterly impossible that you can levy 750,000 *l.*, which, capatalised, means 15,000,000 *l.*, without hindering the development of the railway system.

3691. Do you agree with some of the witnesses who have said that the system of railways has been too rapidly developed in England?—I think in some cases it may have been too rapidly developed for the interests of the shareholders; but in the interests of the public, I think not only has it not been too rapidly developed, but you want a great many more railways yet; and not only do you want a great many more railways, but, what is more material, you want a great many improvements on old ones. There are many lines, for instance, on which it would be desirable to have four lines of railway to separate your mineral and goods traffic from your passenger traffic; and in various ways there is a large constant outlay of capital required both for new lines, and to improve the condition of existing ones; and I say that that is considerably hindered in its development by any tax upon it.

3692. In your opinion the travelling public would pay the duty not altogether, but in main?—I say that in the case of the Brighton Railway they pay the bulk of the duty directly. I think that most of the large companies have the power of charging the additional duty. I have read Mr. Allport's evidence, and I see what he says about the Midland; that the Midland Company would probably have to charge the duty on the fares. I am perfectly certain that if they did so all the other companies would do the same; and then I think that you would find that the bulk of the duty would be charged directly on the public. But I say if it is not charged directly it comes indirectly on the public by prohibiting and preventing the development and improvement of railways.

3693. Granting that the duty is paid by the passenger, you then go on to say that it is unwise to tax the travelling public?—Yes.

3694. A great part of this traffic is pleasure traffic, is it not?—A great deal of it is.

3695. Do you think that it is unfair to tax pleasure traffic?—Certainly. You may call it "pleasure traffic"; but supposing that some poor hard-working artisan and his family can only get out of town for one or two holidays in the year, I think it is a very hard case to tax him because he wants to go the seaside.

3696. Even though such things of the first necessity as beer are taxed?—Health is a great part of a working man's capital; getting out of these crowded large towns is a very important consideration towards health; and the more you can give him the means of making excursions into the pure air the better for his health, and therefore the better for his working capital.

3697. I am putting it of course now with regard to what seemed to be taxes on prime necessities; you still think that taxes on pleasure are as important to get rid of as taxes upon tea and sugar?—Yes;

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Mr. *Leighton*—continued.

—Yes; but we have hardly any taxes that I should call taxes upon pleasure.

3698. I thought you allowed that this tax on locomotion in excursion trains was a tax upon pleasure?—You may call it pleasure or not; but I say that it is a tax upon that which is important as part of the stock-in-trade of the working man, namely, health. A certain amount of recreation a working man needs to keep both mind and body in good order; and to keep both mind and body in good order, it is very important for him that he and his family should be able to get out of town into the pure air occasionally.

3699. Then you put it, to some degree, as a question of relieving poor men from taxation, or giving him exceptional advantages?—No, I put it upon all classes. I say that if the state of the revenue would admit of it, I should vote for remitting the tax entirely; but if you cannot remit all of it I say take it off of fares of 1 *d.* per mile and under, by which the working man will benefit greatly, but all the other classes will benefit too.

3700. We are told that the advantage is to be given to the poor man; we are also told that the public will derive benefit, because some of the richer people travel at the cheap rates; is it the rich or the poor that you wish to benefit by an exceptional remission of taxation?—I say that it is both. My argument was that the exemption of all fares at and under 1 *d.* per mile would not be class legislation, inasmuch as, in the first place, rich men as well as poor travel third class; and in the next place, the third-class fare regulates the second-class fare, and the second class fare regulates the first-class fare; so that if you keep your third-class scale down, all classes would practically get the benefit of that reduction. Therefore I say that if you can only afford money enough to remit that part of the tax, that is the best way to apply it.

3701. It is a coincidence, is it not, that if you take off the tax from fares under 1 *d.* per mile, you would relieve the companies from taxation, or more than half their gross receipts?—Yes, taking the companies of England generally, you would.

3702. So that in this case the advantage to the public and the advantage to the companies go hand in hand, do they not, and are coincident?—Yes, I think so.

3703. With regard to the conveniences to the public, you say that the companies that are in prosperous circumstances give many more conveniences to the public than those who are not so prosperous. My own experience is that a company like the London, Chatham, and Dover Company, which is not in the most prosperous circumstances, gives just as many advantages to the public as the London and North Western Company, which is in great prosperity; am I wrong?—I should rather doubt that being the case. Of course a great deal of the London, Chatham, and Dover district is one in which they are in direct competition with omnibuses, steamers, and so on, and in which they are obliged to run those very frequent trains at low rates to get the traffic at all; it may not apply there, but otherwise I should doubt it. If the London, Chatham and Dover stock got dilapidated, and ran down, I very much doubt whether the London, Chatham, and Dover Company could provide new material as easily as the London and North Western Company could.

Mr. *Knatchbull-Hugessen.*

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3704. The honourable gentleman has just asked you whether this would not be an exceptional remission of taxation; should you not rather say that it would be a remission of exceptional taxation?—Yes, that is a very good way of putting it.

3705. If you start a train which carries a great number of passengers who travel for health and recreation, do you think that the circumstance of two or three or more persons travelling only for pleasure by that train, makes the taxation of the whole of the passengers a tax upon pleasure?—No, you cannot pick out a particular instance of a man paying a tax and say, because he is a rich man, he ought to pay twice as much as another.

3706. If you provide facilities for the public generally, you cannot limit those facilities to a particular class, can you?—No.

3707. You were asked whether the inequality of the imposition of a charge of 3 per cent. upon all passenger traffic would be greater than the present arrangement; would it not at all events materially alter the incidence of the tax?—Yes.

3708. Considering that it has been very broadly stated before this Committee that the tax is just, because persons have bought this property subject to the tax, if, by changing its incidence in this manner, you made property bought subject to a certain tax subject to a much heavier tax; would that be quite just?—No, I think that there is nothing in that argument; because in the first place those who bought subject to the existing tax bought it at a time when there was a countervailing and corresponding tax upon other modes of conveyance; and in the next place this North London decision has certainly taken them all by surprise. Anybody who bought railway shares two years ago is certainly put in an unexpectedly worse position by the effect of the North London decision.

3709. At all events, if the argument is valid in favour of the maintenance of the tax, it is almost conclusive against the 3 per cent., is it not?—I cannot imagine that to be a serious suggestion; if you are to do anything with the tax at all, I cannot imagine that you would substitute for it an arrangement which surely would not improve matters, but which would probably make bad worse, and disturb all the existing arrangements as between companies.

3710. As to the principle of the exemption of fares of 1 *d.* per mile and under, do you not find it in the Act of 1844, and did not Parliament adopt the principle of exemption there?—Certainly; but for the decision of the House of Lords I should not have had the remotest doubt but that that was what was intended in 1844.

3711. Therefore, supposing that this Committee should recommend the remission as regards fares of 1 *d.* per mile and under, they would in taking that figure, really be following the precedent which was set them by the Parliament of 1844?—Yes, they would be carrying out, as I understand it, the precise resolution of the Committee to which I have alluded.

3712. You were asked about a new company, if the public want for a new company had been sufficient to insure to that company the public support, it would have gone on and prospered, would it not?—Yes, I think so; certainly a railway company has no monoply upon which it can rely in opposition to a new line.

3713. Then, in fact, you can only keep that new

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new company and others out of the field by reducing the public want to a minimum?—Yes, the public want for a new line.

3714. Therefore, it would be hardly fair to say that you had a monopoly under those circumstances?—I think that anybody who has had experience before Parliamentary Committees (the Chairman, for instance, more than anybody), must know that a railway company has no monopoly, that if you were to go before a Parliamentary Committee to oppose a new line simply upon the plea that you had got a monopoly, you would have a very poor chance, indeed, of success.

3714*. When it is said that you have a monopoly of your road, that road is your own, is it not?—Yes.

3715. You had to pay for it pretty stiffly in many instances, had you not, speaking generally of railway companies?—Yes.

3716. You also have to pay the whole expense of its maintenance and very large rating upon it, have you not?—Yes.

3717. Then it is not so very hard if you are, under certain restrictions, a monopoly, is it?—No, it arises from the necessity of things; if it had been possible for everybody to run his own locomotive and pay you by tolls, you might very likely have been in a better position than you are in now, but it is impossible to do that.

3718. When Parliament gave you the privilege of holding property, it gave you the correlative obligation of maintaining it, of using it for a certain purpose, of paying all the charges in relation to rating upon it; and, further, it limited you in many other respects, as to the fares of passengers, and so on, did it not?—Yes.

3719. It is said that the State has conferred a great privilege upon you; do you think, as a matter of fact, that it is fairer to say that railways are largely indebted to the State than to say that the State is largely indebted to railway companies, for having supplied a public want, which, but for them must have been a very heavy burden upon the resources of the State?—It is evident that the country is indebted for its prosperity in a very great measure indeed to the construction of railways, to the enterprise of people who have put their money into railways, and who have done so without any of those exceptional advantages and privileges which have had to be given in most foreign countries.

3720. And anything that is exceptional in the way of burden or taxation must, as you have justly said, tend in a greater or a lesser degree to check the development of that industry of which we speak as the railway system?—It does not admit of a doubt, I think, on any principle of political economy; and if you look at it practically, a development of the railway system must depend upon the prosperity of railways. You cannot raise money for a new company from without, or for an old company from within, unless that company is decently prosperous.

3721. Have you any doubt in the world that, if railways are free from the inconvenience or burthen caused by this or any other similar tax, it follows from the very nature of the conditions under which they exist that the public must, to a very large extent, share in the benefits which they receive?—I am perfectly certain of it.

Sir *Harcourt Johnstone*.

3722. You do not admit, what other witnesses have admitted, that you have no competition against you by omnibuses or tramways; but you are subject to competition in many directions, are you not?—Certainly; the bulk of our traffic is either directly or indirectly subject to competition.

3723. And therefore you are rather heavily handicapped as compared to your neighbours in that respect?—I think that most railway companies are subject to that indirect competition to a much greater extent than is generally supposed. Take, for instance, the railways bringing coals up to London from the north; they are limited by the freight by the sea carriage, the Midland is limited by the London and North Western, and the London and North Western is limited by the Midland, and so on.

3724. At the present time is there not an injustice, or, at least, an inequality, existing between one company and another, inasmuch as one company is able to charge the railway passenger duty in addition to its ordinary fares; and in other cases, the companies have not that power of charging?—That is so.

3725. If the present system remains, would it not be very reasonable that those companies who have not the power of charging it should apply to Parliament for the power of charging it?—I do not see how such an application could be resisted. You must either take it away from all, or give it to all; and you could not take it away from those who have it.

3726. Therefore, to put it on a fair level, it would be quite right that those who have not the power should apply for it; and it would be unjust on the part of Parliament to refuse that power?—I think it would.

3727. You have been asked about benevolence towards the public; the principle upon which you go is not that of benevolent socialism; you do not regulate your wages upon benevolent principles, do you?—No.

3728. The man who takes the wages does not offer to take less, so as to be benevolent to you, I suppose?—No.

3729. And, on the other hand, you try to get the best man you can, paying him what wages you can get him for?—Certainly.

3730. It is not a question of philanthropy, or any nonsense of that sort, but it is simply a question of supply and demand, is it not?—It is not a question of sentimental philanthropy, but of a large, far-seeing and liberal policy to develope the traffic and to improve the position of the railway.

3731. You can scarcely call that a monopoly from which profits to the shareholders are under 5 per cent., can you?—The State got the benefit of railway enterprise uncommonly cheap.

3732. It is a vulgar delusion that railways are great monopolies, and that these are only great capitalists who are being taxed; when we know very well that the ordinary shareholder has sometimes a very small amount indeed invested?—That is so; it is very widely distributed. We have, I think, some 30,000 shareholders in the London, Brighton, and South Coast Railway alone.

3733. Is it not the case that a difference of a quarter per cent. in dividends influences the minds of directors very considerably in the question of either the postponement of a line or the refusal to

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Sir *Harcourt Johnstone*—continued.

to entertain fresh schemes?—No doubt; in our case, I can point to specific instances where it has had that effect.

3734. And to that extent it does retard the commercial advancement of particular districts, does it not?—Yes.

3735. And therefore anything that operates in the same direction, like the railway passenger duty, cripples the hands of the companies who cannot afford to do anything beyond what they are obliged to incur?—Yes, it is a plain axiom of political economy, that you cannot tax the profits of capital without limiting the flow of capital.

3736. This Brighton scheme was rather what Mr. Hudson used to call a bubble scheme, was it not?—It came to nothing. Some very respectable parties got it up, but it came to nothing, partly because the public would not subscribe to it, and partly because the people at Brighton and along that district were wise enough to see that they were better off in the hands of one company than they would be in the hands of two.

3737. The public were not tempted by the enormous profits that the other companies were making?—No; and if we were paying, 10 years hence, 10 or 12 per cent. and not giving the public the advantages of our prosperity, I have no doubt that a scheme for a competing line would be got up again, and would probably be carried against us.

Mr. Serjeant *Spinks*.

3738. I think when you joined the Brighton Company its finances were in a very indifferent state, were they not?—Yes, they could not pay even the preference interest. They were almost bankrupt.

3739. Still, I suppose, at that time considerable demands were made upon you by the public for accommodation?—Yes.

3740. And, probably owing to the state of your finances, you were not able to give them those advantages?—For several years together we were obliged to exercise a most rigid economy.

3741. As the state of your finances improved, I presume you were able to afford greater accommodation to the public?—Immensely.

3742. In fact, the accommodation given by any railway to the public depends to some extent, does it not, upon the dividend which it is able to pay to its shareholders?—That is so in a very great measure.

3743. Applying that to this tax upon railways, if the railway passenger duty were greatly reduced or done away with altogether, does it not occur to you that you might be able to afford additional accommodation to the public?—We should do so, no doubt.

3744. Of late years your working expenses have very largely increased, have they not?—They have not increased quite so largely on our line as on some lines, but some items have increased considerably. Our lowest was about 47 per cent of the receipts, and our highest was just over 50 per cent.

3745. That, of course, is a very small increase compared with what has occurred on other railways?—Yes.

3746. With regard to railways generally, when you get a very much decreased net receipt, of course it very much enlarges the proportion of the railway passenger duty to net receipts?—Yes.

Mr. Serjeant *Spinks*—continued.

3747. Have you made any calculation what per-centage the passenger duty bears to the net receipts?—If you take the railways of the country generally, the passenger traffic is nearly half the goods traffic; then 5 per cent. upon the gross is equal to 10 per cent. on the net passenger receipts, and that being half, it brings it to 5 per cent. upon the whole earnings of railways, taking goods and passengers altogether.

3748. Or if you take passengers alone it would make it about 10 per cent., would it not?—Yes.

3749. I need scarcely ask you whether that is not a very large amount to be deducted from your earnings?—It is.

Mr. *Samuda*.

3750. I gather that the impression which you wish to produce upon the Committee is that it is your conviction that it would be wise or desirable that there should be an absolute remission of this tax?—Yes.

3751. But you are of course prepared to see the difficulties that might arise before such a result would be accomplished; what would be the mode in which you would be disposed to mitigate the tax if you could not obtain its absolute remission; do I correctly understand you to say that the scheme which you would prefer would be that of maintaining the duty of 5 per cent. duty upon all fares above 1 *d.* per mile and excluding the duty on all fares at and below 1 *d.*?—Yes.

3752. That, you think, would be a very much better result than taking a lower figure, something like 3 per cent., which should reach all fares without having any exceptions?—Yes, I think so.

3753. You have given us your views as to the saving that would accrue to your own line from taking the course of remitting the whole of the duty upon the cheap fares at and under 1 *d.* per mile; you have stated that you pay in all 46,000 *l.* in the shape of duty, and that 20,000,000 out of 25,000,000 of your passengers are third-class passengers; you have also stated that for the payment of this 46,000 *l.* you recoup yourselves by putting about 36,000 *l.* of additional charge upon the public beyond the Parliamentary fares that you would have to put on them, provided the duty did not exist. Therefore the public would necessarily have the immediate benefit of that 30,000 *l.* being taken off at once if the duty were abolished?—They would, in the event of the total repeal of the duty.

3754. Then it would not be quite correct, as was put to you by the honourable Member for Poole, that you would have only 15,000 *l.* a year to deal with, if the entire remission took place, because you would have this 30,000 *l.* additional, would you not?—We now pay 46,000 *l.* a year. If the whole duty were repealed, we should have to reduce our fares to the extent of 30,000 *l.* at once, and we should be left with the benefit of 15,000 *l.*

3755. Therefore, as was suggested by the honourable Member, that 30,000 *l.* would go to the public?—Yes, at once.

3756. With regard to your experience as to making a very small reduction in fares, is not the increased quantity of traffic, consequent on such a reduction, something very considerable?—It

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Mr. *Laing*, M.P.

26 May 1876.

Mr. *Samuda*—continued.

—It depends very much upon the circumstances of the case. Where you have a great metropolis like London, where you have millions to travel, then a very small reduction may give you a very large increase.

3757. You do not think that the same result is always produced, although probably imperceptibly, from the greater distance you travel over, and the smaller amount that it returns?—I do not think that you can say that either high fares or low fares are the more profitable; you must look at the circumstances of the case. Where you have millions to travel low fares are the more profitable, I think; but not so perhaps in a poor country where there is very little traffic.

3758. Would not the result be that, so far as the poor public were concerned, whatever amount of remission was made, it must ultimately be the profit of the public and not the profit of the railway company, so soon as the railway company have obtained a fair working result upon their capital?—Yes, that is my position.

3759. You say that the result of your not giving them that benefit would be, that you would have competition springing up in the shape of another railway?—Yes; the pressure of public opinion, and various influences, would bring you to reduce your fares.

3760. I understand you to be entirely opposed to any attempt to commute the tax at the present amount, and not to allow it to grow, supposing that it were deemed advisable to keep the tax on at all?—When I say that I am entirely opposed to such a commutation, I am, perhaps, speaking more of it as a Member of Parliament than as a railway man.

3761. You consider that it would be extremely bad policy, supposing you admitted the justice of a tax, that you should not allow that tax to develope itself?—Certainly.

3762. And you think that that is a very strong reason why you should not restrict the development of the tax so long as you have it?—Yes; it is the cardinal principle of every tax that if it is worth retaining it ought to grow with the growth of the country.

3763. You also wished to convey to us that this tax upon locomotion, as you have called it, was more injurious than other taxes might be, inasmuch as it would be in the direction of taxing the profits upon capital; that all the advantages that would be derived from the locomotion that took place upon railways, so long as they were applied for the purposes of carrying out matters of industry, would be affected more or less by this tax?—Yes. I think that it is evident that the means of locomotion by railways are the mainsprings of the prosperity of the country; and if by taxation you limit the flow of capital in that direction, and limit the means of locomotion, it is a bad tax.

3764. Inasmuch as you limit the development instead of taxing direct?—Yes; it is a tax which nothing can justify but that the Exchequer wants the money, and that anything which could be substituted for it would be worse than the thing itself.

3765. At the present moment the railways are under an obligation to furnish the minimum amount of third-class passengers accommodation; do you think that it would be advisable to leave the railways practically free in this matter, if you did away with the taxation upon third-class fares?—I think that we have got so very far beyond that minimum, that it would be quite illusory to retain it.

Mr. *Samuda*—continued.

3766. You have in one sense; but does not the obligation to which you are subject seek to provide a means of communication between every one town and every other town; and might not your inducement be to carry passengers over longer distances without stopping at many of those intermediate stations, and so to inconvenience the public who have been previously served by the Parliamentary obligation to stop at all stations?—I should not have the least objection to the jurisdiction of the Board of Trade coming in to see that we afforded at least a minimum of accommodation equally good with the minimum now provided.

3767. You would not mind whether it was done by the Board of Trade or by Act of Parliament?—It might be very much better even for those roadside stations that that obligation should not be literally complied with; for instance, if they had a conveyance once a day, it might be better that that conveyance should stop at every third or every fifth station, and that there should be another conveyance stopping at every third or every fourth station.

3768. So long as they have something; but if you left the railways perfectly free it might not be their interest to give the public that something?—I should not see the least objection to security being required that they should give this passenger accommodation at least once a day at every station under some regulation of the Board of Trade, on which the same authority might approve of.

3769. If any such arrangement as we have been speaking of was made of making your tax payable upon your first and second class fares, and excluding it altogether from all those at and under 1 *d.* per mile, would it not be very much simpler and much less liable to lead to mistake in making your accounts; would you not be able more easily to furnish your accounts to the Board of Trade; and would you not be altogether freed from the necessity of having a large staff employed in making calculations as to which trains should be exempt, and which should not be exempt?—Yes, it is very complicated at present, and nothing could be more simple if all fares at or under 1 *d.* per mile were exempt; there would be an end of it.

Sir *Harcourt Johnstone.*

3770. Owing to the difference in the value of money from what it was 30 years ago, it would surely not be wise to tie down in any Act of Parliament the hands of the railway companies, and going on the old scale of 1 *d.* a mile might not perhaps be so wise as it was in those days?—I do not think that you would hold that because prices had generally risen we should raise the 1 *d.* a mile. I think that it would not be in the interests of the public, and I certainly should not advocate that.

3771. Interfering with the question of money is one thing, and interfering with the safety of the public is another; is it wise, in your opinion, to lay down those money regulations in the conduct of business, where railway companies are perfectly capable of doing without any dry nursing from the Board of Trade?—Getting the exemption

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Sir *Harcourt Johnstone*—continued.

tion altered if not going above 1 *d.* a mile. That is the supposition, unless you can repeal the whole of the duty.

3772. Would it not be wiser to leave all these financial matters to be settled between the companies and the public themselves, so long as the public is looked after by the Board of Trade?—I would hardly go the length of repealing the tariff of the railway companies altogether, but you must guard against the exceptional case of some railway companies putting up its fares to a monstrous rate. The tariff having been in use so many years, I do not think that you can look for an alteration of it.

Mr. *Ashley*.

3773. In Question 2925, I put to Mr. Farrer a suggestion whereby to avoid the inequality of working of the 3 per cent., as between different railway companies; and I asked him whether he would approve of a plan by which the maximum amount of payment for each railway should be limited to what such railway paid in 1875, and that after three or four years' payment with such limitation, it should go on regularly at 3 per cent.; have you any opinion to express upon that suggestion?—I do not think that that would meet what is the great difficulty of the present situation owing to the North London decision. We are in what I may call an intolerable position, now that railway companies are obliged to put the public to great inconvenience to get a remission of duty.

Mr. *Ashley*—continued.

3774. You say, very truly, that 3 per cent. all round would act in this way: that some railway companies would pay a great deal less and some railway companies would pay a great deal more than they do now. To meet that I suggested to Mr. Farrer, and asked him, as representing the Board of Trade, whether he would see any objection to a plan whereby, for the next three or four years, no railway company should pay more than it has paid hitherto, and that after that it should go on with the 3 per cent.; and he replied, "That had suggested itself to us as a possible means of meeting the difficulty, and letting them down easy under the new system; and if they will accept it I think that it would not be a bad arrangement;" what do you say about that?—I do not like the suggestion. In the first place, as a railway man, I do not like the idea of committing one's self to any arrangement which implied the permanence of the tax as that would do. I would rather take my chance of the force of circumstances bringing about a repeal. Looking at it from a public point of view, it introduces, though in a smaller degree, that objectionable principle of limiting the produce of the tax, which I think ought not to be limited.

Mr. *Laing*, M.P.

26 May 1876.

Mr. EDWARD W. COBB, called in; and Examined.

Chairman.

3775. YOU are Chairman of the Executive Committee of the Railway Passengers' Association, I believe?—I am.

3776. You have informed me that you can submit to the Committee some valuable suggestions with regard to the question which they have to consider; will you proceed to state what those suggestions are?—Those suggestions are contained in a Memorandum which I have prepared on behalf of the Railway Passengers' Association, and with your permission I will lay them before the Committee.

"1. Considering that it has been proved in evidence before this Committee that there has been a concurrent course of action for upwards of 20 years between two responsible departments of Government and all the railway companies of the country, whereby certain fiscal provisions in the Acts of 1842 and 1844 have been construed according to the true spirit and intent of the Select Committee by whom such provisions were recommended for Parliamentary sanction in 1844;

"2. Considering, also, the fact that all the evidence yet received by this Committee has, with one exception only, been tendered by the official representatives of the Government departments and principal railway companies; It is now claimed on behalf of 'The Railway Passengers' Association,' and in the interest of railway passengers generally, that their tender of evidence in support of the following allegations (A.) to (B.), be received by the Committee before closing their inquiry and report.

"(A.) That railway passengers travelling in third-class carriages should be placed upon the same footing as first and second class passengers with respect to the advantages offered by any abatement in the fares for return journeys or otherwise.

Chairman—continued.

"(B.) That the 'minimum obligation' upon railway companies heretofore existing under the Act of 1844, to run not less than one train each way daily between all stations upon each company's system, at fares not exceeding one penny per mile, should be repealed, and such amendments authorised and substituted as may secure the running of not less than two trains each way daily, at fares not exceeding one halfpenny per mile, at such times and on such terms and conditions as each company may determine to be most conducive to the public convenience, the same being subject to the revision and award of the Railway Commissioners in all cases of appeal under the Railway Regulations Act of 187 .

"(C.) That railway companies should be relieved from the necessity which the fiscal provisions in the Act of 1842 have created for increasing their passenger fares to pay the duty.

"(D.) That if the theorem of Mr. Gladstone in 1866, for securing benefits to the public, is to be applied in the form of low fares, the duty payable under the Act of 1842 should be revised and readjusted upon a graduated scale, with the view of ultimately attaining the following specific objects:—

"1. A general revision of maximum fares by each company.

"2. A total remission of the duty payable to Government.

"3. A general reduction in the fares proportioned to the duty remitted; that is to say,

"(E.) When the passenger fares of any company are reduced below the maximum allowed by

Mr. *Cobb*.

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Mr. *Cobb.*

26 May 1876.

Chairman—continued.

by their Acts to the extent of the per-centages in Table A. annexed, the duty payable to Government shall be limited and reduced to a proportionate rate for levy upon the receipts for such fares to the extent of the per-centages in Table B. annexed:

Table A.	Table B.	
If proportionate Reduction in Passenger Fares from the Maximum be equal to	The proportionate Reduction in Rate for Levy upon Receipts from Passenger Fares shall be equal to	The proportionate Rate for Levy upon Receipts from Passenger Fares being equal to
10 per cent.	20 per cent.	4 per cent.
20 „	40 „	3 „
30 „	60 „	2 „
40 „	80 „	1 „
50 „	100 „	0 „

"(F.) That the proposals in evidence to the effect that the duty payable under the Act of 1842 shall not hereafter apply to railway fares which may not exceed 1 *d.* per mile, whether for single or return journeys, nor to any other fares

Chairman—continued.

which do not exceed 1 *s.* per passenger, should be supplemented by or rejected in favour of the graduated scale of duty submitted in the foregoing Tables as being framed according to the approximation of fares to the Parliamentary maximum.

"(G.) That in the event of any substitute for the surrendered passenger duty being proposed in the form of income tax, or trade license, or otherwise, such proposed substitute should not be authorised for collection as an exceptional tax upon the revenue or profits of railway companies, unless it be made common to other public corporations of the like character trading with associated capital (See *Table C. in Appendix*).

"(H.) That the fiscal arrangements heretofore existing between railway companies and the responsible departments of Government, pursuant to their agreed construction of certain provisions in the Act of 1844, during a period exceeding 20 years, and now declared to have been illegal, should forthwith be recognised and declared by the Committee to have been expedient for the public advantage, and therefore binding upon all parties until confirmed and made legal by Act of Parliament."

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APPENDIX.

Appendix, No. 1.

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ARREARS OF RAILWAY DUTY.

RETURN of the Estimated AMOUNTS of RAILWAY DUTY that would have been payable by RAILWAY COMPANIES from 1st October 1866 to 1st July 1874, had Duty been charged on their Passenger Receipts in accordance with the Decree of the Court of Exchequer, dated 6th July 1874, based upon the Supplementary Accounts furnished by the Companies for the Months of July, August, September, and October 1874 (so far as they have been rendered).

Name of Railway Company.	Estimated Amounts of Railway Duty not Charged.									
	1866, from 1st October to 31st December.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874. January to June.	TOTALS.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brecon and Merthyr	3	12	9	7	8	8	9	13	7	76
Bristol and Exeter	235	829	866	948	1,010	1,077	1,189	1,329	638	8,121
Caledonian	437	1,924	1,977	1,983	2,097	2,293	2,596	2,816	1,274	17,397
Cambrian	64	299	366	330	293	418	469	508	231	2,978
Carmarthen and Cardigan	1	6	9	10	9	10	11	7	3	66
Cheshire Lines	-	-	-	260	323	354	402	455	540	320	2,654
City of Glasgow	-	-	-	-	-	-	5	13	11	4	33
Cornwall	12	59	60	62	63	64	67	78	36	501
Furness	73	352	364	366	417	493	673	836	406	3,980
Glasgow and Barhead	-	-	-	-	1	3	3	4	5	3	19
Glasgow and Paisley	12	70	82	90	84	86	94	95	42	655
Glasgow and South Western	92	402	395	321	424	456	649	747	344	3,830
Great Eastern	528	2,291	2,298	2,289	2,423	2,633	3,032	3,267	1,497	20,258
Great Northern	984	4,415	4,641	5,486	5,330	5,845	8,408	9,857	4,587	49,553
Great North of Scotland	188	803	1,047	1,053	1,099	1,129	1,185	1,209	545	8,258
Great Western	2,347	10,638	10,787	11,438	11,987	13,191	17,357	19,172	8,326	105,243
Highland	55	234	193	177	173	184	204	213	85	1,518
Isle of Wight	1	8	11	10	9	11	12	13	6	81
Lancashire and Yorkshire	1,104	5,532	5,782	5,766	5,863	6,357	8,914	10,137	5,007	54,462
London, Brighton, and South Coast	203	847	854	860	901	978	1,105	1,364	637	7,749
London, Chatham, and Dover	1,001	4,572	4,327	4,375	4,867	4,940	5,500	6,003	2,717	38,302
London and North Western	3,621	15,585	16,447	17,708	18,858	20,447	30,586	36,155	17,124	176,531
London and South Western	453	2,091	2,023	2,251	2,404	2,563	3,483	3,760	1,773	20,801
Manchester, Sheffield, and Lincolnshire	301	1,402	1,431	1,554	1,370	1,529	2,120	2,430	1,152	13,289
Manchester, South Junction, and Altrincham.	81	356	374	393	395	401	429	510	252	3,191
Maryport and Carlisle	1	7	9	9	9	10	24	31	15	115
*Metropolitan	1,050	4,466	5,575	8,867	9,899	10,744	8,604	-	-	49,205
Metropolitan District	-	-	-	-	-	6 months 1,677	4,031	3,039	1,581	10,328
Midland	1,262	5,441	5,872	6,335	7,118	7,852	10,745	12,615	6,085	63,325
Mid-Wales	4	15	17	22	19	19	21	24	11	152
Neath and Brecon	-	-	12	17	18	19	19	22	26	16	149
North British	158	951	1,079	1,089	1,097	1,039	1,426	1,575	748	9,162
North Eastern	886	3,665	3,828	4,371	5,030	5,374	7,953	10,019	4,796	45,922
*North London	-	-	5,610	5,610	5,610	5,610	5,610	5,610	2,786	42,056
North Staffordshire	174	703	671	638	664	733	1,048	1,256	632	6,519
Oldham, Ashton-under-Lyne, and Guide Bridge Junction.	25	128	124	133	140	160	188	206	105	1,209
Portpatrick	159	616	620	629	660	678	740	895	381	5,378
Potteries, Shrewsbury, and North Wales.	1	-	1	8	9	9	9	10	5	52
Preston and Wyre	8	58	81	82	88	103	146	172	69	807
Sheffield and Midland	-	-	-	-	-	70	78	86	96	48	378
Somerset and Dorset	4	10	9	10	9	9	18	22	11	102
South Devon	48	195	187	202	214	217	234	264	122	1,683
*South Eastern	582	1,500	1,500	1,500	1,500	1,500	582	-	-	8,664
South Yorkshire	5	20	21	25	26	30	39	48	23	237
Stafford and Uttoxeter	-	-	-	48	28	21	22	27	31	16	193
Watlington and Princes Risborough	-	-	-	-	-	-	-	-	5	3	8
West Riding and Grimsby	37	177	196	205	217	238	359	433	202	2,064
Wrexham, Mold, and Connah's Quay	2	6	4	7	10	11	14	16	8	78
TOTALS £.	16,202	76,307	80,072	87,589	92,870	101,655	130,490	137,468	64,679	787,332

* Supplementary Accounts were not furnished by these companies.

Inland Revenue,
4 May 1876.

Fredk. Gripper,
Accountant and Comptroller General.

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Appendix, No. 2.

Appendix, No. 2.

PAPER handed in by Sir *W. Stephenson.*

RETURN showing for each of the undermentioned RAILWAY COMPANIES for the Year 1875:—(A.) Five per Cent. on the Gross Passenger Receipt; (B.) the Sum which they are Recouped under the Exemption Clauses of the Cheap Trains Act; and (C.) the Per-centage which such exempted Sum bears to Five per Cent. on the Gross Passenger Receipt.

—	NAME OF RAILWAY COMPANY.	(A.) Five per Cent. on Gross Passenger Receipt.	(B.) Sum which they are Recouped under the Exemption Clauses of the Cheap Trains Act.	(C.) Per-centage which Sum in Column B. bears to Sum in Column A.
		£.	£.	
1	Anglesey, Central	235	182	77·4
2	Aboyne and Braemar	114	71	62·3
3	Aylesbury and Buckingham	64	31	48·4
4	Bishop's Castle	63	19	30·2
5	Brecon and Merthyr	683	578	84·6
6	Bristol and Exeter	14,428	2,611	18·1
7	Bristol Port and Pier	165	64	38·8
8	Caledonian	37,722	18,676	49·5
9	Cambrian	3,696	2,252	60·9
10	Carmarthen and Cardigan	395	64	16·2
11	Cheshire Lines	5,115	2,043	39·9
12	City of Glasgow Union	201	170	84·6
13	Cockermouth, Keswick, and Penrith	646	81	12·5
14	Colne Valley	153	49	32·0
15	Cornwall	3,159	1,493	47·3
16	Cowbridge	67 (11 months.)	10	14·9
17	Cowes and Newport	228	13	5·7
18	Denbigh, Ruthin, and Corwen	365	57	15·6
19	Dinas Mawddwy	39	4	10·3
20	East and West Junction	101	21	20·8
21	Furness	3,956	1,320	33·4
22	Glasgow, Barrhead, and Kilmarnock Junction.	1,346	1,008	74·9
23	Glasgow and Paisley	1,444	778	53·9
24	Glasgow and South Western	13,119	7,317	55·8
25	Great Eastern	58,765	15,441	26·3
26	Great Northern	54,656	18,204	33·3
27	Great North of Scotland	5,493	1,524	27·7
28	Great Western	110,680	18,926	17·1
29	Highland	7,580	2,363	31·2
30	Hoylake	264	4	1·5
31	Isle of Wight	1,278	43	3·4
32	Isle of Wight and Newport Junction	246 (9 months.)	19	7·7
33	Lancashire and Yorkshire	60,726	24,583	40·5
34	Leven and East of Fife	408	54	13·2
35	London, Brighton, and South Coast	64,201	17,526	27·3
36	London, Chatham, and Dover	30,612	4,942	16·1

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—	NAME OF RAILWAY COMPANY.	(A.) 5 per Cent. on Gross Passenger Receipt.	(B.) Sum which they are Recouped under the Exemption Clauses of the Cheap Trains Act.	C. Per-centage which Sum in Column B. bears to Sum in Column A.
		£.	£.	
37	London and North Western - -	156,687	14,895	9·5
38	London and South Western - -	69,205	22,815	32·9
39	London, Tilbury, and Southend - -	3,158	283	8·9
40	Macclesfield Committee - - -	393	346	88·0
41	Manchester and Milford - - -	443	180	40·6
42	Manchester, Sheffield, and Lincolnshire	19,028	13,237	69·6
43	Manchester (South Yorkshire) - -	4,134	3,304	79·9
44	Manchester, South Junction, and Altrincham.	3,815	1,309	34·3
45	Maryport and Carlisle - - -	1,212	866	71·4
46	Metropolitan - - - - -	21,596	9,416	43·6
47	Metropolitan District - - - -	12,260	2,339	19·1
48	Midland - - - - - -	80,261	39,013	48·6
49	Mid-Wales - - - - -	627	505	80·5
50	Monmouth - - - - - -	1,540	1,193	77·5
51	Morayshire - - - - -	222	14	6·3
52	Neath and Brecon - - - -	369	309	83·7
53	Northampton and Banbury Junction -	166	130	78·3
54	North British - - - - -	36,835	17,237	46·8
55	North Eastern - - - - -	78,352	38,667	49·3
56	North London - - - - -	12,271	1,857	15·1
57	North Staffordshire - - - -	7,977	4,403	55·2
58	Oldham, Ashton-under-Lyne, and Guide Bridge Junction.	1,137	727	63·9
59	Pembroke and Tenby - - - -	565	98	17·3
60	Portpatrick - - - - -	820	494	60·2
61	Potteries, Shrewsbury, and North Wales	114	91	79·8
62	Preston and Longridge - - -	219	181	82·6
63	Preston and Wyre - - - -	4,033	1,574	39·0
64	Rhymney - - - - - - -	533	386	72·4
65	Sheffield and Midland - - - -	2,116	1,621	76·6
66	Sirhowy - - - - - -	215	179	83·3
67	Somerset and Dorset - - - -	1,629	936	57·5
68	South Devon - - - - -	8,937	3,939	44·1
69	South Eastern - - - - -	62,738	16,700	26·6
70	Stafford and Uttoxeter - - -	134	13	9·7
71	Tal-y-llyn - - - - - - -	19	17	89·5
72	Thetford and Watton - - - -	47	11	23·4
73	Trent, Ancholme, and Grimsby - -	252	197	78·2
74	Wallington and Princes Risborough -	45	8	17·8
75	West Cornwall - - - - -	1,004	526	52·4
76	West Riding and Grimsby - - -	1,524	420	27·6
77	West Somerset Mineral - - -	16	4	25·0
78	Wigtownshire - - - - - -	109 (9 months)	40	36·7
79	Whitland and Taff Vale - - -	40 (6 months)	33	82·5
80	Wrexham, Mold, and Connah's Quay -	172	130	75·6
	TOTALS - - - £.	1,079,382	343,184	3,494·1
	Per-centage which total sum recouped (Column B.) bears to total 5 per cent. on gross passenger receipt (Column A.)	31·8		Average per-centage per Railway. $\frac{3,494·1}{80}$ = 43·7

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Appendix, No. 2.

In addition to the Railway Companies included in the foregoing Return, the under-mentioned Railway Companies did not claim Exemption from Duty in respect of any portion of their Passenger Receipts in the Year 1875.

	NAME OF RAILWAY COMPANY.	(A.) 5 per Cent. on Gross Passenger Receipt.	(B.) Sum which they are recouped under the Exemption Clauses of the Cheap Trains Act.	(C.) Per-centage which Sum in Column B. bears to Sum in Column A.
		£.	£.	
1	Bodmin and Wadebridge	7	—	—
2	Butterley	2	—	—
3	Corres and Machynlleth	14	—	—
4	Cwm-avon and Port Talbot	4	—	—
5	Festiniog	272	—	—
6	Festiniog and Blaenau	60	—	—
7	Garstang and Knot End	26	—	—
8	Hartleyburn and Brampton	24	—	—
9	Londonderry, Seaham, and Sunderland	311	—	—
10	Newport Pagnell	42 (6 months.)	Now included with London and North Western.	
11	Oystermouth	68	—	—
12	Ryde Pier	290	—	—
13	Severn and Wye Valley	26 (4 months.)	—	—
14	Southend Pier	7	—	—
15	Southport Pier	135	—	—
16	Taffe Vale	3,007	—	—
17	Van	4	—	—
18	Whitehaven, Cleator, and Egremont	360	—	—
19	Wootton Tramway	7	—	—
	TOTAL £.	4,666	—	—

Inland Revenue Office, 16 May 1876.

Fred. Gripper, Accountant and Controller General.

RETURN for the last Three Months of 1875, and the first Three Months of 1876, of the Amount levied for PASSENGER DUTY from the Three under-mentioned RAILWAYS.

RAILWAY.	1875.			TOTAL.	1876.			TOTAL.
	October.	November.	December.		January.	February.	March.	
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Metropolitan	1,002 15 6	1,117 11 4	1,081 3 10	3,201 10 8	1,133 2 5	965 2 10	994 2 5	3,092 7 8
Manchester, Sheffield, and Lincolnshire.	392 17 2	282 14 10	339 17 –	1,015 9 –	559 11 9	307 11 6	306 19 11½	1,174 3 2½
South Eastern	4,554 17 11	3,098 17 10	3,275 2 6	10,928 18 3	3,001 11 10	2,586 3 7	2,897 18 3	8,485 13 8

Inland Revenue, 16 May 1876.

Fred. Gripper, Accountant and Controller General.

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Appendix, No. 3.

PAPER handed in by Mr. *Farrer*.

TABLE (A).—RAILWAYS, ENGLAND AND WALES.

STATEMENT showing the Total Number of PASSENGERS conveyed, specifying separately the Number of First, Second, and Third Class and Parliamentary; the TOTAL RECEIPTS from Passengers, specifying separately Amount received from each Class and Parliamentary; and the GOVERNMENT DUTY Paid in each of the Years 1844 and 1850-1874, both inclusive.

YEAR.	PASSENGERS CONVEYED.				RECEIPTS FROM PASSENGERS.					GOVERNMENT DUTY.
	TOTAL.	First Class.	Second Class.	Third Class and Parliamentary.	TOTAL.	First Class.	Second Class.	Third Class and Parliamentary.	Season Ticket Holders.	
	No.	*No.*	*No.*	*No.*	£.	£.	£.	£.	£.	
1844 -	22,006,992	- -	- -	*5,755,436	3,193,904	- -	- -	*393,234	—	
1850 -	58,514,434	7,127,822	22,869,713	28,516,899	5,888,600	1,869,721	2,440,638	1,578,241	Not separately shown.	
1851 -	70,466,292	8,652,530	26,496,522	35,317,240	6,949,119	2,215,527	2,719,737	1,977,708	†36,147	
1852 -	73,222,994	9,035,591	27,555,411	36,613,992	6,670,384	2,073,292	2,583,495	1,916,553	97,044	
1853 -	84,198,843	10,746,646	31,829,145	41,623,052	7,309,356	2,307,242	2,718,057	2,170,712	113,345	Not shown in Board of Trade Returns until 1860.
1854 -	92,327,871	12,249,067	33,284,924	46,793,880	7,879,561	2,415,743	2,903,192	2,425,721	134,905	
1855 -	99,157,252	13,151,558	34,397,571	51,608,123	8,127,454	2,462,713	2,911,817	2,607,711	145,213	
1856 -	108,348,035	14,418,760	35,490,843	58,438,432	8,634,763	2,601,351	3,025,075	2,834,239	174,098	
1857 -	115,836,409	15,671,096	36,603,058	63,562,255	8,997,893	2,753,123	3,147,396	2,921,157	176,217	
1858 -	115,930,740	15,162,796	36,199,373	64,568,571	8,783,566	2,582,161	3,104,724	2,905,438	191,243	
1859 -	124,845,880	15,737,252	38,751,789	70,356,839	9,412,922	2,696,532	3,343,213	3,161,413	211,764	
1860 -	136,958,904	16,859,022	43,202,202	76,897,680	9,791,002	2,705,501	3,514,799	3,337,397	233,305	335,789
1861 -	145,797,372	18,058,410	45,357,582	82,381,380	9,946,478	2,676,354	3,489,971	3,535,127	245,026	335,544
1862 -	152,402,287	19,366,737	46,491,872	86,543,678	10,503,205	2,877,621	3,606,855	3,756,506	262,223	347,740
1863 -	173,605,485	21,992,216	51,794,959	99,818,310	10,878,635	2,868,221	3,773,684	3,948,774	287,956	365,703
1864 -	197,164,661	23,467,020	59,681,016	114,016,625	11,808,277	3,070,305	4,087,593	4,307,956	342,423	398,955
1865 -	216,693,538	25,053,443	64,520,007	127,120,088	12,460,812	3,228,351	4,254,804	4,581,630	396,027	418,2
1866 -	238,137,282	26,675,460	74,345,693	137,116,129	13,125,797	3,348,994	4,430,411	4,913,485	432,907	430,47
1867 -	250,598,982	27,093,001	71,720,368	151,785,613	13,534,281	3,391,567	4,454,099	5,202,028	486,587	441,755
1868 -	269,257,313	27,372,061	70,304,008	171,581,244	13,917,840	3,366,850	4,472,304	5,533,778	544,928	448,031
1869 -	274,755,914	‡26,541,992	‡67,852,991	‡180,360,931	14,188,374	‡3,331,105	‡4,415,531	‡5,869,904	‡571,834	458,985
1870 -	295,173,870	27,682,159	68,358,676	199,133,035	14,470,964	3,329,681	4,364,533	6,177,230	599,520	454,200
1871 -	328,552,946	30,092,538	73,011,105	225,449,303	15,472,273	3,504,124	4,596,317	6,692,971	678,861	479,163
1872 -	372,450,223	32,015,513	64,963,939	275,470,771	16,783,113	3,654,754	3,669,736	8,681,494	777,129	461,327
1873 -	401,465,086	32,474,219	62,866,761	306,124,106	17,921,455	3,687,638	3,438,132	9,940,661	855,024	462,317
1874 -	423,083,941	33,099,105	64,329,821	325,655,015	18,771,932	3,785,137	3,529,619	10,523,286	933,890	548,817

* Part estimates, a few Companies not having distinguished their first, second, and third class passengers, and the receipts from each class.
† For half year only.
‡ The numbers and amounts for the several classes have been estimated for this year, some of the Companies having returned the totals only.

Note.—The figures for the years 1869 and 1870 differ in some particulars from those given in the Report from the Joint Select Committee of the House of Lords and the House of Commons in 1872 (Appendix, p. 820); errors having been discovered in the returns made by a few Companies, and corrected, when preparing a digest for the Miscellaneous Statistics of the United Kingdom.

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Appendix, No. 4.

PAPER handed in by Mr. *Farrer*, 16 May 1876.

AMOUNT of DUTY paid by certain RAILWAY COMPANIES in *Great Britain* in the Year 1875, and AMOUNT of DUTY that would be paid by those COMPANIES if the Duty were levied as specified in the Table.

NAME OF RAILWAY COMPANY.	1. Duty actually paid in 1875.	2. Duty in 1875 if charged at 5 per Cent. on Gross Passenger Receipts.	3. Duty in 1875 if charged at 3 per Cent. on Gross Passenger Receipts.	4. Duty in 1875 if charged at 1 per Cent. on Gross Receipts from all Sources†.	5. Duty in 1875 if charged at 2 per Cent. on Net Receipts from all Sources, *i.e.*, on Receipts after deducting Working Expenses‡.	6. Duty in 1875 if charged at 5 per Cent. on Receipts from First and Second Class Passengers and Season Ticket Holders.	7. Amount Returned to Board of Trade as having been paid for Duty in 1873.
	£.	£.	£.	£.	£.	£.	£.
*Anglesey Central	50	225	135	83	37	29	50
Aboyne and Braemar	- - Included in Great North of Scotland.						
*Aylesbury and Buckingham	43	68	41	25	Deficiency	20	17
Bishop's Castle	44	63	38	32	Deficiency	13	43
Bodmin and Wadebridge	7	7	4	25	13	2	6
Brecon and Merthyr Tydfil Junction	106	728	437	589	219	94	124
Bristol and Exeter	11,624	14,060	8,436	5,326	5,212	9,993	9,318
*Bristol Port Railway and Pier	160	208	125	50	8	35	90
Caledonian	19,296	40,326	24,196	29,099	32,295	16,079	14,849
Cambrian	1,444	4,007	2,404	1,927	1,594	880	946
Carmarthen and Cardigan	328	420	252	208	76	74	350
Cheshire Lines Committee	3,140	5,187	3,112	3,067	403	1,794	662
City of Glasgow Union	28	459	275	191	825	200	53
Cockermouth, Keswick, and Penrith	567	650	390	444	329	407	348
Colne Valley and Halstead	104	150	90	90	17	51	58
Cornwall	1,666	3,158	1,895	1,270	977	1,552	1,698
*Corris	4	5	3	16	16	—	—
*Cowbridge	73	79	47	36	3	13	63
Cowes and Newport	206	237	142	56	24	189	211
Denbigh, Ruthin, and Corwen	308	343	206	138	98	69	180
Dinas Mawddwy	37	39	24	18	Deficiency	4	23
Dingwall and Skye	- - Included in Highland.						
Duke of Sutherland's	- - Included in Highland.						
*East and West Junction	70	190	114	95	Deficiency	60	37
Festiniog	271	273	164	247	191	44	207
*Festiniog and Blaenau	57	57	34	14	7	25	53
Forth and Clyde Junction	- - Included in North British.						
Furness	2,614	3,956	2,374	4,412	4,909	1,072	1,186
Garstang and Knot End	23	26	16	11	2	1	—
Glasgow and Kilmarnock Joint	- - Included in Caledonian and Glasgow and South Western.						
Glasgow and Paisley Joint	- - Included in Caledonian and Glasgow and South Western.						
Glasgow and South Western	6,304	14,317	8,590	9,062	7,778	5,045	5,399

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AMOUNT of Duty paid by certain Railway Companies in *Great Britain* in the Year 1875, &c.—*continued.*

NAME OF RAILWAY COMPANY.	1. Duty actually paid in 1875.	2. Duty in 1875 if charged at 5 per Cent. on Gross Passenger Receipts.	3. Duty in 1875 if charged at 3 per Cent. on Gross Passenger Receipts.	4. Duty in 1875 if charged at 1 per Cent. on Gross Receipts from all Sources.†	5. Duty in 1875 if charged at 2 per Cent. on Net Receipts from all Sources, *i. e.*, on Receipts after deducting Working Expenses.‡	6. Duty in 1875 if charged at 5 per Cent. on Receipts from First and Second Class Passengers and Season Ticket Holders.	7. Amount Returned to Board of Trade as having been paid for Duty in 1875.
	£.	£.	£.	£.	£.	£.	
Great Eastern	43,367	58,735	35,241	25,568	23,758	23,427	32,878
Great Northern	36,901	54,493	32,696	29,254	27,340	24,460	25,082
Great North of Scotland	4,252	5,871	3,523	2,721	2,964	1,661	2,496
Great Western	91,965	110,341	66,204	56,684	54,699	49,157	52,504
Hayling	- - Included in London, Brighton, and South Coast.						
Hereford, Hay, and Brecon	- - Included in Midland.						
*Highland	4,106	7,018	4,211	3,180	2,938	2,929	3,762
Hoylake and Birkenhead	260	299	179	63	34	224	206
*Isle of Wight	1,079	1,111	666	266	258	1,008	974
Isle of Wight (Newport Junction)	252	281	168	59	48	251	— §
Lancashire and Yorkshire	37,797	65,441	39,264	35,212	30,060	20,315	20,620
*Leven and East of Fife	333	394	236	217	160	145	331
Llanelly Railway and Dock	- - Included in Great Western.						
Llynvi and Ogmore	- - Included in Great Western.						
London, Brighton, and South Coast	46,884	60,097	36,058	16,994	18,381	33,818	33,905
London, Chatham, and Dover	26,994	31,567	18,940	8,774	8,554	15,401	15,270
Londonderry (Seaham to Sunderland)	310	311	187	310	306	62	319
London and North Western	143,788	156,574	93,944	90,951	82,440	68,783	76,521
London and South Western	45,081	68,067	40,840	22,273	22,009	40,110	37,594
London, Tilbury, and Southend	2,504	3,146	1,888	904	180	1,915	2,777
Macclesfield Committee	46	256	153	140	Deficiency	30	30
*Manchester and Milford	246	424	254	157	17	45	181
Manchester, Sheffield, and Lincolnshire	6,236	18,498	11,099	15,554	16,701	4,677	7,573
*Manchester South Junction and Altrincham	1,973	3,689	2,213	1,038	1,129	1,863	1,915
Maryport and Carlisle	348	1,212	727	1,308	1,612	295	298
*Metropolitan	11,990	21,631	12,979	4,523	5,843	9,519	11,442
Metropolitan District	‖ 12,554	13,018	7,811	2,604	2,867	5,656	7,567
Midland	41,219	80,876	48,525	60,706	56,759	22,429	26,516
Mid-Wales	123	620	372	303	182	110	126
Monmouthshire Railway and Canal	- - Included in Great Western.						
Morayshire	- - Included in Great North of Scotland.						
*Neath and Brecon	92	359	215	202	Deficiency	56	42
Newport Pagnell	- - Amalgamated with London and North Western.						
*Northampton and Banbury Junction	42	164	98	99	29	40	53
*North British	19,319	35,517	21,310	20,264	17,338	13,751	17,248
North Eastern	39,710	78,363	47,018	64,544	60,345	23,458	24,699
North London	10,375	12,171	7,302	3,714	4,138	6,134	6,335
North Staffordshire	3,574	7,710	4,626	5,277	5,686	1,798	1,997
Oldham, Ashton-under-Lyne, and Guide Bridge Junction	410	633	380	234	Deficiency	188	106
*Pembroke and Tenby	416	574	344	246	196	195	221
Portpatrick	- - Included in North British.						
Potteries, Shrewsbury, and North Wales	28	116	70	106	Deficiency	17	18
Preston and Longridge	- - Included in London and North Western, and Lancashire and Yorkshire.						
Preston and Wyre							
Rhymney	149	545	327	952	989	109	141
Ryde Pier	276	265	159	89	137	265	167

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AMOUNT of Duty paid by certain Railway Companies in *Great Britain* in the Year 1875, &c.—*continued.*

NAME or RAILWAY COMPANY.	1. Duty actually paid in 1875.	2. Duty in 1875 if charged at 5 per Cent. on Gross Passenger Receipts.	3. Duty in 1875 if charged at 3 per Cent. on Gross Passenger Receipts.	4. Duty in 1875 if charged at 1 per Cent. on Gross Receipts from all Sources†.	5. Duty in 1875 if charged at 2 per Cent. on Net Receipts from all Sources, *i.e.*, on Receipts after deducting Working Expenses‡.	6. Duty in 1875 if charged at 5 per Cent. on Receipts from First and Second Class Passengers and Season Ticket Holders.	7. Amount Returned to Board of Trade as having been paid for Duty in 1873.
	£.	£.	£	£.	£.	£.	£.
Sheffield and Midland Committee -	477	1,610	966	646	605	361	323
*Sirhowy - - - - - -	77	336	202	377	307	45	31
*Somerset and Dorset - - -	687	1,172	703	645	203	698	703
*South Devon - - - - -	4,785	8,811	5,286	3,011	2,868	4,263	4,805
South Eastern - - - - -	48,565	62,642	37,585	17,927	20,594	34,324	46,940
*Stafford and Uttoxeter - - -	39	152	91	42	Deficiency	47	8
Stamford and Essendine - -	- - Included in Great Northern.						
Sutherland - - - - - -	- - Included in Highland.						
Sutherland and Caithness - -	- - Included in Highland.						
Swansea Vale - - - - -	- - Included in Midland.						
Taff Vale - - - - - -	2,911	2,982	1,789	4,084	3,901	517	3,135
Talyllyn - - - - - -	2	19	11	18	10	1	13
Thetford and Watton - - -	36	48	29	27	14	14	82
Trent, Ancholme, and Grimsby -	56	166	100	391	233	34	52
Van - - - - - - - -	4	4	2	20	22	—	—
*Watlington and Princes Risborough	48	36	22	19	Deficiency	11	31
West Cornwall - - - - -	478	1,004	603	482	293	465	497
West Riding and Grimsby - -	1,108	1,518	911	836	552	581	589
West Somerset Mineral - -	12	17	10	74	Deficiency	12	12
Wigtownshire - - - - -	74	122	73	38	21	20	—§
Whitehaven, Cleator, and Egremont	330	371	223	899	980	74	289
*Whitland and Taff Vale - -	- - A mineral line only in 1874			25	11	—	—
Wrexham, Mold, and Connah's Quay - - - - - -	42	175	105	202	125	20	30
TOTAL for all Railways in Great Britain in 1874 -	*619,279	*1,040,431	*624,259	*343,774	*510,424	*452,314	506,455

Note.—Branch and worked Lines are included in the Returns of the Working Company.

* The Returns for 1875 have not yet been received from these companies, and the figures for 1874 have accordingly been given. The aggregates are also given for the year 1874.

† Computed on the Gross Receipts, less Miscellaneous.

‡ Computed on the Net Receipts from all Sources.

§ Line not open for traffic in 1873.

‖ Including 1,945 *l.* Supplementary Duty, levied on the Traffic Receipts of 1874, but not paid until 1875.

Statistical and Commercial Department,
Board of Trade, 26 April 1876.

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Appendix, No. 5.

PAPER handed in by Mr. *Mansel*, 16 May 1876. Appendix, No. 5.

NORTH LONDON RAILWAY.

GOVERNMENT DUTY paid for Twelve Months prior to Decision of Court of Exchequer, and Twelve Months after the new Mode of Assessment.

	£.	s.	d.
Duty paid consequent on Decision of the Court of Exchequer, July 1874 to June 1875, inclusive - -	11,261	6	5
Duty paid prior to Decision of the Court of Exchequer, July 1873 to June 1874, inclusive - - - -	6,173	9	6
Increase - - £.	5,087	16	11

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Appendix, No. 6.

Appendix, No. 6.

PAPER put in by Mr. *Farrer*.

EXTRACT from JOINT REPORT on RAILWAY AMALGAMATION, 1872, with RETURNS made up to 1874.

THIRD-CLASS PASSENGERS AND PARLIAMENTARY TRAINS.

Third-class passengers and cheap trains.

THERE is one particular case, viz., the carriage of the poorer class of passengers, in which Parliament, anxious that the growing monopoly of the railway companies should not injuriously affect the poor and weakest class in the community, has endeavoured to impose stringent regulations. As noticed above, the Committee of 1840 recommended that an inducement should be given to the companies to carry such passengers, by graduating the passenger tax in their favour. This recommendation was followed up by a more specific recommendation in the Report of 1844.

7 & 8 Vict. c. 85, ss. 6 to 10.

In 1844, by the Regulation of Railways Act of that year all passenger railways (defined in Section 25 as railways deriving one-third or more of their gross revenue from passengers) were required to run one train every day from end to end of their line, carrying third-class passengers at a rate not exceeding 1 *d.* a mile, stopping at all stations, starting at hours approved by the Board of Trade, travelling at least 12 miles an hour, and with carriages protected from weather.

The fare of 1 *d.* a mile was made absolute, but power was given to the Board of Trade to substitute, for the remaining conditions, other conditions more beneficial to passengers.

Sect. 9.

By the 9th section it was provided that "no tax should be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding 1 *d.* for each mile by any such cheap train as aforesaid."

Sect. 10.

Companies running Sunday trains were bound to attach third-class carriages by the one train which stops at the grearest number of stations.

21 & 22 Vict. c. 75.

In 1858 provision was made for fractions of a mile.

26 & 27 Vict. c. 33, s. 14.

In process of time excursion trains became profitable, and the companies claimed exemption from passenger tax in respect of them. To stop this abuse, an Act was passed in 1863 providing that the exemption from duty should not extend to any train not running six days a week, or not being a market train, approved as such by the Board of Trade, or a third-class Sunday train approved by the Board of Trade.

It is probable that under these enactments the poor have in many cases obtained, and possible that they do still in some cases obtain, accommodation, which would otherwise have been denied to them. But it is certain that in many cases the enactments have proved needless; that they are becoming more so day by day; that they confer on much profitable business an unreasonable exemption from taxation, supposing the tax in question to be maintained; that they are causing serious difficulties between the Government and the companies; and that they are likely to operate to the prejudice of the classes whom they were intended to serve. The conditions of passenger traffic have wholly changed since 1844, and are such as the able men who recommended the compulsory law of that date could never have foreseen. The carriage of third-class passengers is becoming, with many companies, one of the most important branches of their business. The excursion trains, as we have seen, have already caused a limitation of the original exemption. But the ordinary traffic has also been developed to an extent which was quite unexpected.

The total amount received by railway companies in England and Wales in 1844 for passengers was 3,439,294 *l.*, and the total number of passengers was 27,763,602.

Of the above amount only 483,069 *l.*, or about one-eighth, was received from third-class passengers; and of the above number of passengers only 8,583,085, or about one-third, were third-class passengers.

By the returns for 1870 it appears that the total amount received by railway companies in England and Wales for passengers was 14,470,964 *l.*, and the total number of passengers 295,173,870. Of this last amount 6,177,230 *l.*, or not much less than one-half, was received from third-class passengers, and of this last number 199,133,035, or two-thirds were

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were third-class passengers.* And it will probably be found that the traffic in third-class passengers is developing in an ever increasing ratio. Since the present Committee has commenced its labours, it has been announced that the following great companies, viz., the Midland, the London and North Western, the Great Western, the North Eastern, and the Great Northern, intend to run third-class carriages with all or almost all their trains. Appendix. No. 6.

Under these circumstances it does not seem that this traffic requires, as a general rule, either the compulsory legislation of 1844 or the stimulus of exemption from taxation.

On the other hand, the mischief arising from this exemption have become important. The Inland Revenue Department depends entirely on the accounts given by the companies, and it is difficult to check them. The differences in principle betweeu the companies and the department are serious. The companies claim exemption on all the trains they may run in the day which comply with the Parliamentary condition of conveying passengers at fares not exceeding 1 *d.* a mile, provided they are approved by the Board of Trade. The Inland Revenue Department denies their right to exemption, unless the other conditions of the Act of Parliament as to taking up and setting down passengers, and so forth, are complied with, notwithstanding the approval of the Board of Trade. The companies claim exemption on double journey tickets, where the aggregate fare is less than 1 *d.* a mile. The department denies their right to exemption, unless the single journey is also charged for at 1 *d.* a mile or less. The companies claim exemption where less than 1 *d.* a mile is charged for the whole distance, although the train may not stop at every station. The department deny the claim unless the train stops at every station throughout the whole journey. These questions are now being brought before the courts of law. The issue cannot be satisfactory. If the companies succeed, it is obvious that they will obtain an exceptional exemption from taxation on a profitable and increasing branch of their traffic. If they fail, the result will be to give them an inducement to confine themselves to the facilities provided for by the strict letter of the Act, and to withdraw the extra facilities which they now give. For instance, the North Eastern Railway Company bring third-class passengers from the North to York by a Parliamentary train stopping at all the stations, and therefore properly a cheap train, and entitled to exemption. When they arrive at York, these passengers are sent on to London by an ordinary through train which starts at once, and only stops at the principal stations between York and London. If the contention of the Inland Revenue Department is right, the receipts from these passengers are not exempt from passenger duty, but would be exempt if the passengers were kept waiting some hours at York for the Parliamentary train from York to London, and were then sent on by that train, stopping at all the stations between York and London.

The Board of Trade have laid before the Committee Tables showing the progress of first, second, and third class passenger traffic since 1850 on all the railways in England and Wales, and on the London and North Western and Lancashire and Yorkshire. These figures show conclusively how rapidly third-class traffic is increasing; and how little it needs either special Parliamentary obligations or special privileges in order to develope it. Appendix (M).

This point has been discussed at some length, partly because one of the few proposals of the Royal Commission for compulsory legislation recommends a considerable extension of the present obligation to run trains or carriages for third-class passengers, but more especially because it shows how little it has been possible to foresee the development of business and traffic, and how inadequate have been the attempts to regulate monopoly by stereotyping fixed maxima of rates and fares.

If it were necessary to dwell further upon this latter point, the Committee would advert to the evidence now before them, from which it appears that the maximum rates and fares seldom continue long to be the actual charges, and that as traffic increases, it becomes the interest of the companies to make them lower in amount, and, so far as regards rates, so various, that the manager of the London and North Western Company says that it would be all but impossible to give an account of them.

* By the returns for 1874 it appears that the total amount received by railway companies in England and Wales for passengers was 18,771,932*l.*, and the total number of passengers 423,083,941. Of this last amount 10,523,286 *l.*, or more than one-half, was received from third-class passengers, and of this last number 325,655,015, or three-fourths, were third-class passengers.

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Appendix, No. 7.

Appendix, No. 7.

PAPERS handed in by Mr. *Farrer*, 19 May 1876.

— 1. —

FORM of Approval of Cheap Trains before the question of Stopping was raised.

Board of Trade (Railway Department),
Whitehall, 186 .

Sir,

I AM directed by the Lords of the Committee of Privy Council for Trade, to convey to you their Lordships' approval of the hours of arrival and departure of the cheap trains upon the North London Railway as shown in the time tables transmitted by you, in triplicate, one copy of which is returned herewith.

I am, &c.
(signed)

The Secretary of the North London Railway Company.

— 2. —

FORM of Approval of Cheap Trains from 1870 to time of Exchequer Decision.

Board of Trade, (Railway Department),
London, S.W., 187 .

Sir,

I AM directed by the Board of Trade to convey to you their approval of the hours of arrival and departure of the trains upon the
Railway, marked in red ink in the company's time tables for ,
forwarded in triplicate to this office, one copy of which is returned herewith.

I am to add that the Board of Trade understand that proceedings are being taken by the Board of Inland Revenue in several cases to obtain a judicial decision upon questions that have arisen with regard to exemption from passenger duty upon fares derived from certain trains, which in the opinion of that Board are not cheap trains in respect whereof the exemption from duty can be allowed, and that the approval of the Board of Trade is granted in this case without prejudice to any questions which the Board of Inland Revenue may raise in the matter.

I am, &c.
(signed) *W. R. Malcolm.*

The Secretary of the Railway Company.

— 3. —

FORM of Approval of Cheap Trains since Exchequer Decision.

Board of Trade (Railway Department),
London, S.W., 187 .

Sir,

I AM directed by the Board of Trade to convey to you their approval of the hours of arrival and departure of the trains upon the
Railway, marked in red ink in the company's time tables for forwarded in triplicate to this office, one copy of which is returned herewith.

With respect thereto I am to call the attention of the directors of your company to the Judgment and Decree of the Court of Exchequer, on the 6th July 1874, in the case of the Attorney General *v.* the North London Railway Company. A copy of the Decree is annexed.

The Board of Trade are informed that it is intended to appeal against this Decree, but in the meantime the approval of the Board of Trade will be confined to trains which conform to the requirements of the law as defined by the Decree of the Court of Exchequer, so long as that Decree stands unaltered by a superior tribunal.

I am accordingly to state that the approval of the Board of Trade is granted in this case to those trains only which stop at every intermediate ordinary passenger station, and which convey some class of passengers to and from every station at fares not exceeding the Parliamentary rate, and which comply in other respects with the requirements of the Cheap Trains Act.

I am, &c.
(signed) *Henry G. Calcraft.*

To the Secretary of the Railway Company.

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Decree.

Declare that every train running from one end to the other of the line between Broad-street station and Poplar station, or between Broad-street station and Chalk Farm, Richmond, or Kew Bridge, or between other terminal stations in the Defendants' system of railway, and conveying passengers to and from such terminal and every intermediate ordinary passenger station, at fares not exceeding the Parliamentary rate, and complying with the several other conditions mentioned in the sixth section of the Cheap Trains Act, so far as they have not been properly dispensed with by the Board of Trade, ought to be considered a cheap train within the meaning of the Cheap Trains Act, notwithstanding there may be no third-class carriages in such train.

Declare that the fares of passengers by such cheap trains are entitled to exemption from duty if they do not exceed the Parliamentary rate, whether the tickets issued to them are second or third class.

Declare that such exemption is not lost by such passengers being required, for the convenience of traffic, to move, at any particular station, from one such cheap train to another, provided there is no unreasonable detention at such station, so as to reduce the speed at which such passengers travel below the minimum speed required by the Act.

Declare that no train ought to be considered a cheap train within the meaning of the Act, whether approved by the Board of Trade as a cheap train or not, which does not stop at every intermediate ordinary passenger station, and which does not convey some class of passengers to and from every station at fares not exceeding the Parliamentary rate; and that no exemption ought to be allowed in respect of the fares of the passengers by any such train, notwithstanding such fares may not exceed the Parliamentary rate.

Declare that the fares received for return tickets are not exempt from duty, unless the fares that would be charged to the same class of passengers for the single journey over the same distance would not exceed the Parliamentary rate.

Declare that the fares received for workmen's tickets under the existing arrangements are not exempt from duty, and then direct, in case the parties differ, which, perhaps, they may not do, an inquiry, as prayed in the third paragraph of the prayer, regard being had to the above declaration.

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Appendix, No. 8.

Appendix, No. 8.

PAPERS handed in by Mr. *Rickman*, 23 May 1876.

AN APPROXIMATE ESTIMATE of the AMOUNT of RAILWAY DUTY Payable in the Years 1880, 1885, and 1890 respectively, if the Law, as recently decided in the Lords, were strictly applied, assuming the Progressive Increase for the next 15 Years to be Five per Cent.

	Description.	Estimate of Railway Duty Payable.		
		1880.	1885.	1890.
		£.	£.	£.
A.	14. Railways paying duty on their entire passenger receipts - - - - -	4,592	4,821	5,062
B.	45. Railways claiming exemption on a portion of their passenger receipts, but whose trains are running in accordance with the judgment of the Lords - -	37,842	39,734	41,720
C.	48. Railways claiming exemption on a portion of their passenger receipts, but whose trains are not running in accordance with the judgment of the Lords -	1,088,997	1,143,466	1,200,618
	TOTAL - - - £.	1,131,431	1,188,001	1,247,400

Inland Revenue Office, Somerset House, 19 May 1876.

Charles Rickman, Accountant.

AN APPROXIMATE ESTIMATE of the AMOUNT derivable from the RAILWAY PASSENGER DUTY during the next 5, 10, or 15 Years, if the Law, as recently decided in the Lords, were strictly applied.

	Description.	Estimated Amount of Railway Duty Derivable.		
		In the 5 Years from 1876 to 1880.	In the 10 Years from 1876 to 1885.	In the 15 Years from 1886 to 1890.
		£.	£.	£.
A.	14. Railways paying duty on their entire passenger receipts - - - - -	22,969	45,938	68,907
B.	45. Railways claiming exemption on a portion of their passenger receipts, but whose trains are running in accordance with the judgment of the Lords - -	189,209	378,418	567,627
C.	48. Railways claiming exemption on a portion of their passenger receipts, but whose trains are not running in accordance with the judgment of the Lords.	5,444,986	10,889,972	16,334,958
	TOTAL - - - £.	5,657,164	11,314,328	16,971,492

Inland Revenue Office, Somerset House, 19 May 1876.

Charles Rickman, Accountant.

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Appendix, No. 8.

COMPARATIVE STATEMENT of the TAXES on LOCOMOTION from the Year 1832 to 1875 inclusive.

		RAILWAYS, GREAT BRITAIN.		Locomotion other than Railways.		
				Stage Carriages, Great Britain.	Hackney Carriages, London.	Post Horses and Carriages, Great Britain.
			£.	£.	£.	£.
ENGLAND only.	1832	½ d. for every four passengers per mile.	634	414,075	32,416	—
	1833		6,131	458,028	45,208	—
	1834		6,852	500,718	47,985	—
	1835		8,693	509,846	47,250	—
GREAT BRITAIN.	1836		10,296	524,451	48,644	—
	1837		16,892	501,582	47,285	266,528
	1838		39,570	474,378	48,061	242,685
	1839		72,716	443,167	48,471	228,038
	1840		112,427	342,593	49,799	214,250
	1841		159,787	313,891	52,811	198,035
	1842	5 per cent. on amount received from passengers (subject to certain exemptions in respect of third-class trains) from 9th August 1844.	168,957	287,672	57,330	177,142
	1843		158,366	243,333	60,134	166,599
	1844		177,603	242,728	62,461	170,038
	1845		190,195	253,668	68,358	178,609
	1846		212,367	240,040	72,224	173,983
	1847		199,637	246,286	76,851	162,690
	1848		228,304	205,176	73,018	150,000
	1849		237,740	203,834	70,580	149,533
	1850		250,996	211,247	82,707	147,686
	1851		291,385	228,592	95,444	150,590
	1852		281,018	227,461	85,682	154,079
	1853		296,413	212,659	74,735	194,391
	1854		Year ended 31st March.			—
	1855		314,825	184,250	62,351	143,053
	1856		324,978	141,733	73,388	131,334
	1857		336,605	125,031	80,028	130,746
	1858		348,869	129,176	85,842	133,346
	1859		340,314	136,439	87,889	133,575
	1860		359,022	138,978	92,437	138,104
	1861		368,948	138,821	93,862	138,791
	1862		368,484	137,148	97,995	137,421
	1863		387,125	144,829	104,833	138,172
	1864		404,254	138,461	105,136	143,393
	1865		444,787	138,984	110,244	149,242
	1866		449,319	141,595	114,638	155,600
	1867		474,480	76,262	112,964	140,404
	1868		485,136	47,909	108,927	135,369
	1869		500,383	49,030	106,159	138,958
	1870		505,907	33,927	74,612	—
	1871		501,188	Duty repealed.	—	—
	1872		535,282	—	—	—
	1873		501,179	—	—	—
	1874		513,547	—	—	—
	1875		627,146	—	—	—
TOTALS - - - £.			12,218,653	9,188,607	2,858,809	5,212,384

GENERAL LOCOMOTION - - - - £. 17,259,800.

RAILWAYS - - - - - - £. 12,218,653.

Inland Revenue Office,
19 May 1876.

Charles Rickman,
Accountant.

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Appendix, No. 9.

PAPER handed in by Mr. *Farrer*, 19 May 1876.

RETURN of the Amount of ORDINARY, GUARANTEED, and PREFERENCE CAPITAL of RAILWAY COMPANIES in *England* and *Wales*, as it stood on the 31st December 1875, and the RATES per cent. per annum of DIVIDENDS paid thereon, and AMOUNT per cent. that the RAILWAY PASSENGER DUTY paid by the Companies in the Year 1875 would be on the Ordinary Capital of the Companies.

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Aberdare	*See* under Taff Vale.		—	—	—	—	—	—	—	—
Abingdon	*See* under Great Western.		—	—	—	—	—	—	—	—
Anglesey Central	108,269	Nil	1 –	-	-	-	-	-	-	108,269
*Aylesbury and Buckingham	82,589	Nil	1 –	-	-	-	-	-	-	82,589
Bala and Dolgelly	*See* under Great Western.		—	—	—	—	—	—	—	—
Barnoldswick	*See* under Midland.		—	—	—	—	—	—	—	—
Barnstaple and Ilfracombe	*See* under London and South Western.		—	—	—	—	—	—	—	—
Bedford and Northampton	*See* under Midland.		—	—	—	—	—	—	—	—
Berks and Hants Extension	*See* under Great Western.		—	—	—	—	—	—	—	—
Birkenhead (vested jointly in Great Western and London and North Western)	1,941,505 184,316	4 - -	— § -	—	—	—	— 404,200	— 4½	— 4½	— 2,480,021
Bishop's Castle	133,259	Nil	– 8‡	-	-	-	86,750	5	Nil	220,009
Bishop's Waltham	*See* under London and South Western.			—	—	—	—	—	—	—
Bodmin and Wadebridge	27,393	Nil	– 6	-	-	-	-	-	-	27,393
Brecon and Merthyr Tydvil Junction	264,360	Nil	– 10‡	-	-	-	868,640	5	†5	1,133,000
Bridport	*See* under Great Western.		—	—	—	—	—	—	—	—
Bristol and Exeter	2,022,460	3½	11 6	-	-	-	5,135	4	4	4,253,552
							1,123,814	4	4	—
							798,943	4½	4½	—
							84,200	4½	4½	—
							219,000	5	5	—
Leased to or worked by the Bristol and Exeter:										
Devon and Somerset	259,582	Nil	- -	-	-	-	12,000	5	Nil	271,582
Minehead	100	6	- § -	-	-	-	45,000	4½	4 51/100	45,100
West Somerset	67,796		- -	-	-	-	641	5	5	142,177
							21,540	5	5	—
							52,200	5	5	—

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Bristol and North Somerset	*See* under Great Western.	—	—	—	—	—	—	—	—
*Bristol and Portishead Pier and Railway (including the Capital of the Portishead Dock Undertaking).	220,477	Nil	1 8‡	-	-	-	59,305	5	Nil	279,782
Bristol Port Railway and Pier	125,000	Nil	1 8	-	-	-	-	-	-	125,000
Buckfastleigh, Totnes, and South Devon	*See* under South Devon.	—	—	—	—	—	—	—	—	—
Buckinghamshire	*See* under London and North Western.		—	—	—	—	—	—	—	—
Buckley	*See* under Wrexham, Mold, and Connah's Quay.			—	—	—	—	—	—	—
Burry Port and Gwendreath Valley	135,400	Nil	Mineral Line	-	-	-	49,820	5	Nil	185,220
Calne	*See* under Great Western.	—	—	—	—	—	—	—	—	—
Cambrian	826,748	Nil	3 6‡	327,900	5	5	1,425,260	5	Nil	2,659,908
				80,000	4½	4½				
Cannock Chase and Wolverhampton	70,500	3	Mineral Line	-	-	-	-	-	-	70,500
Carmarthen and Cardigan	29,000	Nil	22 7‡	-	-	-	158,780	6	Nil	187,780
Central Wales and Carmarthen Junction	140,000	Nil	- 7‡	-	-	-	98,000	5	2¾	494,500
	68,500	Nil					120,000	5	Nil	
	68,000	Nil								
Cheshire Lines Committee (consisting of the Great Northern, Manchester, Sheffield, and Lincolnshire, and Midland Railway Companies), incorporated by "The Cheshire Lines Act, 1867."	Capital included in that of the owning Companies.				—	—	—	—	—	—
Chester and Holyhead	*See* under London and North Western.			—	—	—	—	—	—	—
Cockermouth, Keswick, and Penrith	234,000	4½	4 10	-	-	-	25,000	5	5	259,000
Colchester, Stour Valley, Sudbury, and Halstead.	*See* under Great Eastern.	—	—	—	—	—	—	—	—	—
Coleford, Monmouth, Usk, and Pontypool	*See* under Great Western.	—	—	—	—	—	—	—	—	—
Colne Valley and Halstead	61,079	Nil	3 4‡	-	-	-	84,250	5	Nil	146,229
Cornwall	575,460	Nil	5 9	799,600	4½	4½	-	-	-	1,375,060
Cornwall Minerals	375,000	Nil	No duty paying traffic.	-	-	-	375,000	6	Nil	774,589
							24,589	6	Nil	
Newquay and Cornwall Junction	16,897	Nil	- ditto -	-	-	-	993	6	Nil	17,890
Corris	15,000	4¾	1 10	-	-	-	-	-	-	15,000
Corwen and Bala	*See* under Great Western.	—	—	—	—	—	—	—	—	—
*Cowbridge	18,258	Nil	8 -	-	-	-	-	-	-	18,258
Cowes and Newport (Isle of Wight)	29,965	Nil	13 9	-	-	-	-	-	-	29,965
Croesor and Portmadoc	15,000	Nil	Mineral Line	-	-	-	-	-	-	15,000
Cromford and High Peak	*See* under London and North Western.			—	—	—	—	—	—	—
Dare Valley	*See* under Taff Vale.	—	—	—	—	—	—	—	—	—
*Denbigh, Ruthin, and Corwen	89,604	Nil	4 8	-	-	-	53,160	5	Nil	142,764
Devon and Cornwall	*See* under London and South Western.		—	—	—	—	—	—	—	—
Devon and Somerset	*See* under Bristol and Exeter.			—	—	—	—	—	—	—
Dowlais Extension	Private Property.	—	—	—	—	—	—	—	—	—

*Taken from the Returns for 1874, those for 1875 not having been received.

† Dividend paid on 52,900 *l.* only.

‡ *See* note B., at end.

§ *See* note A., at end.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued.*

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
East and West Junction	300,000	Nil	– 6	–	–	–	–	–	–	300,000
East Cornwall Mineral (Calstock to Callington).	30,000	Nil	Mineral line	–	–	–	30,000	6	Nil	60,000
East Gloucestershire	*See* under Great Western.		—	—	—	—	—	—	—	—
East Lincolnshire	*See* under Great Northern.		—	—	—	—	—	—	—	—
East London	*See* under London, Brighton, and South Coast.			—	—	—	—	—	—	—
East Norfolk	*See* under Great Eastern.		—	—	—	—	—	—	—	—
Ely, Haddenham, and Sutton	*See* under Great Eastern		—	—	—	—	—	—	—	—
Ely Valley	*See* under Great Western.		—	—	—	—	—	—	—	—
Evesham and Redditch	*See* under Midland.		—	—	—	—	—	—	—	—
Exeter and Crediton	*See* under London and South Western.			—	—	—	—	—	—	—
Exmouth Docks and Railway	–	–	No passenger traffic.	—	—	—	—	—	—	—
Faringdon	*See* under Great Western.		—	—	—	—	—	—	—	—
Festiniog	86,186	5	6 3	–	–	–	40,000	5	5	126,186
Festiniog and Blaenau	11,482	Nil	9 9	–	–	–	–	–	–	11,482
Forcett	32,950	6	Mineral line	–	–	–	–	–	–	32,950
Forest of Dean Central	*See* under Great Western.		—	—	—	—	—	—	—	—
Furness	1,542,000	6½	3 5	10,000	2½	2½	227,000	4½	4½	3,493,500
				1,100,000	5	5	80,000	5	5	—
							298,000	6	6	—
							227,500	8	8	—
							9,000	10	10	—
Garstang and Knot End	60,000	Nil	– 9‡	–	–	–	17,100	5	Nil	77,100
Great Eastern	8,350,228	½	7 11	23,750	3½	3½	916,454	4½	4½	20,614,403
	1,764,590	Nil	–	669,375	4	4	3,211,954	5	5	—
	826,885	Nil	–	109,600	4½	4½	58,109	6½	6½	—
				3,735,987	5	5	—	—	—	—
				105,000	5½	5½	—	—	—	—
				761,817	6	6	—	—	—	—
				80,654	7	7	—	—	—	—

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued*.

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPIAL.			Total Paid up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Great Western	13,825,265	4½	13 3	17,998,966	5	5	6,296,368	5	5	38,120,599
Leased to, or worked by, the Great Western:										
Abingdon	15,000	6	- -	- -	- -	- -	600	5	5	15,600
Bala and Dolgelly	168,830	3	- -	- -	- -	- -	- -	- -	- -	168,830
Berks and Hants Extension	108,725	3½	- -	- -	- -	- -	50,000	5	5	158,725
Bridport	64,431	—	- -	- -	- -	- -	20,000	6	6	84,431
*Bristol and North Somerset	380,038	Nil	- -	- -	- -	- -	- -	- -	- -	380,038
Calne	20,820	Nil	- -	- -	- -	- -	- -	- -	- -	20,820
Coleford, Monmouth, Usk, and Pontypool.	160,000	5	- -	- -	- -	- -	- -	- -	- -	160,000
Corwen and Bala	120,000	3½	- -	- -	- -	- -	2,400	5	5	122,400
East Gloucestershire	206,500	Nil	- -	- -	- -	- -	- -	- -	- -	206,500
Ely Valley	35,000	Nil	—	—	—	—	--	—	—	—
	48,000	5½	- -	- -	- -	- -	- -	- -	- -	83,000
Faringdon	10,000	Nil	- -	- -	- -	- -	5,060	5½	Nil	15,060
Forest of Dean, Central	39,517	Nil	- -	- -	- -	- -	40,850	6	Nil	80,367
Kington and Eardisley	63,930	Nil	- -	- -	- -	- -	59,812	5	Nil	123,742
Leominster and Kington (including the Presteign Branch).	91,830	4	5	- -	- -	- -	20,360	4½	4½	112,190
Llanelly Railway and Dock	200,000	6½	- -	- -	- -	- -	45,569	5	5	364,000
							64,000	5	6½	—
							54,431	6	6	—
Llangollen and Corwen	90,000	3	- -	- -			2,000	5	5	92,000
Llynvi and Ogmore	271,920	6	- -	130,920	5	5	105,680	4½	4½	694,460
							185,940	5	5	—
Marlborough	30,830	1½	- -	- -	- -	- -	4,800	6	6	35,630
Milford	58,43 0	1 3/16	- -	- -	- -	- -	- -	- -	- -	58,430
*Much Wenlock and Severn Junction	24,050	2½	- -	- -	- -	- -	20,000	4½	4½	59,050
							15,000	5	5	—
Nantwich and Market Drayton	119,360	4½	- -	- -	- -	- -	- -	- -	- -	119,360
Pontypool, Caerleon, and Newport	100,000	5	- -	- -	- -	- -	- -	- -	- -	100,000
Ross and Monmouth	79,405	Nil	- -	- -	- -	- -	79,360	6	6	158,765
Stratford-upon-Avon	64,918	8½	- -	- -	- -	- -	41,750	5	5	106,668
Vale of Llangollen	44,700	5½	- -	- -	- -	- -	27,700	5	5	72,400
Wellington and Drayton	251,120	4½	- -	- -	- -	- -	- -	- -	- -	251,120
Wellington and Severn Junction	59,862	5	- -	- -	- -	- -	- -	- -	- -	59,862
*Wenlock	40,000	Nil	- -	- -	- -	- -	25,000	5	5	125,000
	60,000	2½	—	—	—	—	—	—	—	—

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Witney	37,044	3	- - -	- -	- -	- -	12,150	5	5	49,194
* Worcester, Bromyard, and Leominster. (*See* also Birkenhead, Hammersmith, and City; Ludlow and Clee Hill: Shrewsbury and Hereford; Tenbury; Vale of Towy; Victoria Station and Pimlico; West London; and Weymouth and Portland.)	108,404	Nil	- - -	- -	- -	- -	- -	- -	- -	108,404
Gwendraeth Valleys	100,000	Nil	Mineral Line §	- -	- -	- -	- -	- -	- -	100,000
Hammersmith and City Railway	- -	- -	- - -	141,260	5	5	- -	- -	- -	321,144
Great Western and Metropolitan Railway Companies jointly, in respect of the	- -	- -	- - -	179,884	5½	5½				
Harborne	*See* under London and North Western.			—	—	—	—	—	—	—
Hatfield and St. Alban's	*See* under Great Northern.			—	—	—	—	—	—	—
Hayling Railways	*See* under London, Brighton, and South Coast.			—	—	—	—	—	—	—
Hereford, Hay, and Brecon	*See* under Midland.		—							
Hexham and Allendale	74,944	Nil	1 2	- -	- -	- -	- -	- -	- -	74,944
Horncastle	*See* under Great Northern.		—	—	—	—	—	—	—	—
Hoylake and Birkenhead Railway and Tramway.	† 220	Nil	7 1	- -	- -	- -	- -	- -	- -	220
Hunstanton and West Norfolk	*See* under Great Eastern.		—	—	—	—	—	—	—	—
* Isle of Wight	109,150	Nil	19 9	- -	- -	- -	64,034	5	5	173,184
Isle of Wight (Newport Junction)	56,490	Nil	8 11‡	- -	- -	- -	3,300	6	Nil	59,790
Keighley and North Valley	*See* under Midland.		—	—	—	—	—	—	—	—
Kendal and Windermere	*See* under London and North Western.			—	—	—	—	—	—	—
Kettering, Thrapstone, and Huntingdon	*See* under Midland.		—	—	—	—				
King's Lynn Docks and Railway	59,408	Nil	No passenger traffic.	- -	- -	- -	9,500 11,670	6 6	6 8	80,578
Kington and Eardisley	*See* under Great Western.		—	—	—	—	—	—	—	—
Lancashire and Yorkshire	14,116,594	6	5 4	2,654,048	4½	4½				
(*See* also the North Union and Preston and Wyre.)				90,780	4½ minimum.	6				
				2,563,710	5	5				
				260,050	5	5	- -	- -	- -	20,767,015
				794,040	6 minimum.	6				
				287,793	6	6				
Lancashire Union	*See* under London and North Western.			—	—	—	—	—	—	—
Lancaster and Carlisle	*See* under - - ditto.		—	—	—	—	—	—	—	—
Leominster and Kington	*See* under Great Western.		—	—	—	—	—	—	—	—
Liskeard and Caradon	23,625	2½	Mineral Lines	- -	- -	- -	7,200	5	5	30,825
Liskeard and Looe Union Railway and Canal	26,000	2½		- -	- -	- -	- -	- -	- -	26,000

* Taken from the Returns for 1874, those for 1875 not having been received.
§ *See* Note A., at end.
† The money to pay for the purchase of the railway was borrowed, and amounted to 73,126 *l.* This amount has been considered to represent the ordinary capital of the company.
‡ *See* Note B., at end.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued.*

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid-up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Liskeard and Looe Union Railway and Canal.	*See* under Liskeard and Caradon.			—	—	—	—	—	—	—
Llanelly Railway and Dock	*See* under Great Western.		—	—	—	—	—	—	—	—
Llangollen and Corwen	ditto	ditto.	—	—	—	—	—	—	—	—
Llantrissant and Taff Vale Junction	*See* under Taff Vale.		—	—	—	—	—	—	—	—
Llynvi and Ogmore	*See* under Great Western.		—	—	—	—	—	—	—	—
London and Blackwall	*See* under Great Eastern.		—	—	—	—	—	—	—	—
London and Greenwich	*See* under South Eastern.		—	—	—	—	—	—	—	—
London and North Western	31,126,007	6¾	9 2	- -	- -	- -	120,000	2	2	46,796,131
	171,355	4½	- -	- -	- -	- -	315,400	2½	2½	—
							1,962,858	4	4	—
							724,075	4½	4½	—
							11,972,196	5	5	—
							183,400	6	6	—
							220,840	10	10	—
Leased to, or worked by, the London and North Western:										
Buckinghamshire	1,245,000	4	- -	- -	- -	- -	- -	- -	- -	1,245,000
Chester and Holyhead	- -	- -	- -	2,100,000	2½	2½	- -	- -	- -	3,455,000
				725,000	5	5	—	—	—	—
				630,000	5½	5½	—	—	—	—
*Cromford and High Peak	127,700	⅝	- -	- -	- -	- -	20,000	3½	3½	167,700
							20,000	4½	4½	—
Harborne	55,450	Nil	- -	- -	- -	- -	- -	- -	- -	55,450
Kendal and Windermere	- -	- -	- -	111,700	3	3	- -	- -	- -	161,520
			†	49,820	6	6	—	—	—	—
Lancashire Union	530,000	5	- -	- -	- -	- -	- -	- -	- -	530,000
Lancaster and Carlisle	2,420,300	11¼	- -	- -	- -	- -	456,000	4½	4½	2,876,300
Mold and Denbigh Junction	73,000	Nil	- -	- -	- -	- -	100,000	5	Nil	325,000
	76,000	Nil	—	—	—	—	—	—	—	—
	76,000	Nil	—	—	—	—	—	—	—	—
Shropshire Union Railways and Canal.	668,980	3½	- -	- -	- -	- -	- -	- -	- -	668,980
Watford and Rickmansworth	31,730	Nil	- -	- -	- -	- -	3,200	5	Nil	34,930

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London and South Western	8,524,163	5⅝	10 7	22,426	5	5	5,411,252	4 to 7	4 to 7	14,424,799
Leased to, or worked by, the London and South Western:				105,000	4½	4½	—	—	—	—
				361,958	4	4	—	—	—	—
Bishop's Waltham	No Return.	—	—	—	—	—	—	—	—	—
*Devon and Cornwall	90,000	Nil	- -	- -	- -	- -	85,000	5	Nil	175,000
Exeter and Crediton	110,000	3½	- -	- -	- -	- -	20,000	5	5	130,000
Lymington	22,140	4	- -	- -	- -	- -	11,860	5½	5½	34,000
*Mid-Hants	62,681	Nil	- -	- -	- -	- -	25,000	5	Nil	87,681
Poole and Bournemouth	60,000	Nil	- -	- -	- -	- -	- -	- -	- -	60,000
Salisbury and Dorset Junction	140,487	Nil	- † -	- -	- -	- -	10,730	5	5	151,217
Salisbury and Yeovil	326,765	9¾	- -	- -	- -	- -	268,114	5	5	594,879
Salisbury Railway and Market House	12,000	4	- -	- -	- -	- -	1,000	6	6	13,000
Seaton and Beer	36,000	Nil	- -	- -	- -	- -	12,000	5	Nil	48,000
*Sidmouth	46,160	2½	- -	- -	- -	- -	- -	- -	- -	46,160
Staines, Wokingham, and Woking	255,100	4⅞	- -	- -	- -	- -	50,000	5	5	305,100
London, Brighton, and South Coast	6,839,943	5	13 9	1,955,860	5	5	3,393,024	5	5	14,462,914
Leased to, or worked by, the London, Brighton, and South Coast:							1,996,873	4½	4½	—
							277,214	4	4	—
East London	1,313,492	Nil	- † -	- -	- -	- -	400,000	5	Nil	1,713,492
Hayling Railways	44,234	Nil	- † -	- -	- -	- -	16,000	5	5	60,234
(*See* also Victoria Station and Pimlico, and West London Extension.)										
London, Chatham, and Dover	10,190,188	Nil	5 4‡	150,637	4½	4½	5,035,833	4½	1⅞	15,376,658
Leased to, or worked by, the London, Chatham, and Dover:										
Mid-Kent (Bromley to St. Mary's Cray.)	61,550	4	- -	- -	- -	- -	- -	- -	- -	61,550
Sevenoaks, Maidstone, and Tunbridge.	118,539	Nil.	- † -	—	—	—	—	—	—	—
	82,622	Nil	- -	211,000	4½	4½	132,000	5	Nil	544,161
(*See* also Victoria Station and Pimlico.)										
Londonderry (Seaham to Sunderland)	Private property.		—	—	—	—	—	—	—	—
London, Tilbury, and Southend	650,650	2½	7 8	- -	- -	- -	- -	- -	- -	650,650
Longton, Adderley Green, and Bucknall	*See* under North Staffordshire.		—	—	—	—	—	—	—	—
Lostwithiel and Fowey	15,102	Nil	Mineral Line	- -	- -	- -	11,455	5	Nil	26,557
Louth and Lincoln	*See* under Great Northern.		—	—	—	—	—	—	—	—
Lowestoft Railway and Harbour	*See* under Great Eastern.		—	—	—	—	—	—	—	—
Ludlow and Clee Hill	Worked by the Great Western and London and North Western, jointly.					—	—	—	—	—
Lymington	*See* under London and South Western.			—	—	—	—	—	—	—
Macclesfield Committee	The property of the Manchester, Sheffield, and Lincolnshire; and North Staffordshire Railway Companies.									—
Manchester and Milford	323,050	Nil	1 8‡	- -	- -	- -	190,200	5	Nil	513,250
Manchester, Sheffield, and Lincolnshire	5,492,553	2½	2 3	366,698	3¼	3¼	3,858,736	5	5	14,761,781
(*See* also the Cheshire Lines Committee, Macclesfield Committee; Manchester, South Junction, and Altrincham; and Oldham, Ashton-under-Lyne, and Guide Bridge Junction.)				448,980	4	4	—	—	—	—
				225,000	4¼	4¼	—	—	—	—
				559,506	4¾	4¾	—	—	—	—
				1,938,168	5	5	—	—	—	—
				1,131,120	6	6	—	—	—	—
				741,020	7	7	—	—	—	—

* Taken from the Returns for 1874, those for 1875 not having been received.

† *See* Note A., at end.

‡ *See* Note B., at end.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued*.

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid-up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Liskeard and Looe Union Railway and Canal.	*See* under Liskeard and Caradon.			—	—	—	—	—	—	—
Llanelly Railway and Dock	*See* under Great Western.		—	—	—	—	—	—	—	—
Llangollen and Corwen	- ditto - ditto.		—	—	—	—	—	—	—	—
Llantrissant and Taff Vale Junction	*See* under Taff Vale.		—	—	—	—	—	—	—	—
Llynvi and Ogmore	*See* under Great Western.		—	—	—	—	—	—	—	—
London and Blackwall	*See* under Great Eastern.		—	—	—	—	—	—	—	—
London and Greenwich	*See* under South Eastern.		—	—	—	—	—	—	—	—
London and North Western	31,126,007	6¾	9 2	- -	- -	- -	120,000	2	2	46,796,131
	171,355	4½	- -	- -	- -	- -	315,400	2½	2½	—
							1,962,858	4	4	—
							724,075	4½	4½	—
							11,972,196	5	5	—
							183,400	6	6	—
							220,840	10	10	—
Leased to, or worked by, the London and North Western:										
Buckinghamshire	1,245,000	4	- -	- -	- -	- -	- -	- -	- -	1,245,000
Chester and Holyhead	- -	- -	- -	2,100,000	2½	2½	- -	- -	- -	3,455,000
				725,000	5	5	—	—	—	—
				630,000	5½	5½	—	—	—	—
*Cromford and High Peak	127,700	⅔	- -	- -	- -	- -	20,000	3½	3½	167,700
							20,000	4½	4½	—
Harborne	55,450	Nil	- -	- -	- -	- -	- -	- -	- -	55,450
Kendal and Windermere	- -	- -	- -	111,700	3	3	- -	- -	- -	161,520
			†	49,820	6	6	—	—	—	—
Lancashire Union	530,000	5	- -	- -	- -	- -	- -	- -	- -	530,000
Lancaster and Carlisle	2,420,300	11¼	- -	- -	- -	- -	456,000	4½	4½	2,876,300
Mold and Denbigh Junction	73,000	Nil	- -	- -	- -	- -	100,000	5	Nil	325,000
	76,000	Nil	—	—	—	—	—	—	—	—
	76,000	Nil	—	—	—	—	—	—	—	—
Shropshire Union Railways and Canal.	668,980	3½	- -	- -	- -	- -	- -	- -	- -	668,980
Watford and Rickmansworth	31,730	Nil	- -	- -	- -	- -	3,200	5	Nil	34,930

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London and South Western	8,524,163	5⅝	10 7	22,426	5	5	5,411,252	4 to 7	4 to 7	14,424,799
Leased to, or worked by, the London and South Western:				105,000	4½	4½	—	—	—	—
				361,958	4	4	—	—	—	—
Bishop's Waltham	No Return.	—	—	—	—	—	—	—	—	—
*Devon and Cornwall	90,000	Nil	- -	- -	- -	- -	85,000	5	Nil	175,000
Exeter and Crediton	110,000	3½	- -	- -	- -	- -	20,000	5	5	130,000
Lymington	22,140	4	- -	- -	- -	- -	11,860	5½	5½	34,000
*Mid-Hants	62,681	Nil	- -	- -	- -	- -	25,000	5	Nil	87,681
Poole and Bournemouth	60,000	Nil	- -	- -	- -	- -	- -	- -	- -	60,000
Salisbury and Dorset Junction	140,487	Nil	- † -	- -	- -	- -	10,730	5	5	151,217
Salisbury and Yeovil	326,765	9¾	- -	- -	- -	- -	268,114	5	5	594,879
Salisbury Railway and Market House	12,000	4	- -	- -	- -	- -	1,000	6	6	13,000
Seaton and Beer	36,000	Nil	- -	- -	- -	- -	12,000	5	Nil	48,000
*Sidmouth	46,160	2½	- -	- -	- -	- -	- -	- -	- -	46,160
Staines, Wokingham, and Woking	255,100	4⅞	- -	- -	- -	- -	50,000	5	5	305,100
London, Brighton, and South Coast	6,839,943	5	13 9	1,955,860	5	5	3,393,024	5	5	14,462,914
Leased to, or worked by, the London, Brighton, and South Coast:							1,996,873	4½	4½	—
							277,214	4	4	—
East London	1,313,492	Nil	- † -	- -	- -	- -	400,000	5	Nil	1,713,492
Hayling Railways	44,234	Nil	- † -	- -	- -	- -	16,000	5	5	60,234
(*See* also Victoria Station and Pimlico, and West London Extension.)										
London, Chatham, and Dover	10,190,188	Nil	5 4‡	150,637	4½	4½	5,035,833	4½	1⅞	15,376,658
Leased to, or worked by, the London, Chatham, and Dover:										
Mid-Kent (Bromley to St. Mary's Cray.)	61,550	4	- -	- -	- -	- -	- -	- -	- -	61,550
Sevenoaks, Maidstone, and Tunbridge.	118,539	Nil.	- † -	—	—	—	—	—	—	—
(*See* also Victoria Station and Pimlico.)	82,622	Nil	- -	211,000	4½	4½	132,000	5	Nil	544,161
Londonderry (Seaham to Sunderland)	Private property.		—	—	—	—	—	—	—	—
London, Tilbury, and Southend	650,650	2½	7 8	- -	- -	- -	- -	- -	- -	650,650
Longton, Adderley Green, and Bucknall	*See* under North Staffordshire.		—	—	—	—	—	—	—	—
Lostwithiel and Fowey	15,102	Nil	Mineral Line	- -	- -	- -	11,455	5	Nil	26,557
Louth and Lincoln	*See* under Great Northern.		—	—	—	—	—	—	—	—
Lowestoft Railway and Harbour	*See* under Great Eastern.		—	—	—	—	—	—	—	—
Ludlow and Clee Hill	Worked by the Great Western and London and North Western, jointly.					—	—	—	—	—
Lymington	*See* under London and South Western.			—	—	—	—	—	—	—
Macclesfield Committee	The property of the Manchester, Sheffield, and Lincolnshire; and North Staffordshire Railway Companies.									—
Manchester and Milford	323,050	Nil	1 8‡	- -	- -	- -	190,200	5	Nil	513,250
Manchester, Sheffield, and Lincolnshire	5,492,553	2½	2 3	366,698	3½	3½	3,858,736	5	5	14,761,781
(*See* also the Cheshire Lines Committee, Macclesfield Committee; Manchester, South Junction, and Altrincham; and Oldham, Ashton-under-Lyne, and Guide Bridge Junction.)				448,980	4	4	—	—	—	—
				225,000	4½	4½	—	—	—	—
				559,506	4¾	4¾	—	—	—	—
				1,938,168	5	5	—	—	—	—
				1,131,120	6	6	—	—	—	—
				741,020	7	7	—	—	—	—

* Taken from the Returns for 1874, those for 1875 not having been received.

† *See* Note A., at end.

‡ *See* Note B., at end.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued.*

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid-up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Manchester, South Junction, and Altrincham	The property of the London and North Western, and Manchester, Sheffield, and Lincolnshire Railways.									—
Marlborough	*See* under Great Western.		—	—	—	—	—	—	—	—
Maryport and Carlisle	682,240	11½	1 –	2,000	4 minimum	11½	- -	- -	- -	684,240
Mawddwy	21,000	Nil	3 6	- -	- -	- -	- -	- -	- -	21,000
Mellis and Eye	*See* under Great Eastern.		—	—	—	—	—	—	—	—
Merrybent and Darlington	- -	- -	Mineral Line.	—	—	—	—	—	—	—
Methley Railway Joint Committee	The property of the Great Northern, Lancashire and Yorkshire, and North Eastern Railway Companies.							—	—	—
Metropolitan	4,008,370	3⅞	6 2	- -	- -	- -	1,601,630	5	5	5,610,000
Metropolitan and St. John's Wood (*See* also Hammersmith and City.)	300,000	Nil	- * -	- -	- -	- -	183,170	5	2½	483,170
Metropolitan and St. John's Wood	*See* under Metropolitan.		—	—	—	—	—	—	—	—
Metropolitan District	2,220,380	Nil	11 4†	244,444	4½	4½	1,500,000	5	2¾	3,964,824
Mid-Hants	*See* under London and South Western.			—	—	—	—	—	—	—
Mid-Kent (Bromley to St. Mary's Cray)	*See* under London, Chatham, and Dover.			—	—	—	—	—	—	—
Midland	18,800,388	6	4 5	9,081,883	4	4	951,746	4	4	42,372,932
				150,000	6	6	5,651,984	5	5	—
Leased to, or worked by, the Midland:							7,736,931	5	5	—
Barnoldswick	20,558	Nil	- - -	- -	- -	- -	- -	- -	- -	20,558
Bedford and Northampton	200,000	5	- - -	- -	- -	- -	200,000	5	5	400,000
Evesham and Redditch	147,770	1 11/16	- - -	- -	- -	- -	- -	- -	- -	147,770
Hereford, Hay, and Brecon	187,280	2½	- - -	- -	- -	- -	146,580	2½	2½	333,860
Keighley and Worth Valley	35,075	Nil	- - -	- -	- -	- -	34,300	6	Nil	69,375
Kettering, Thrapstone, and Huntingdon.	100,000	5	- - - - *	- -	- -	- -	130,000	5	5	230,000
Peterborough, Wisbeach, and Sutton	135,000	Nil	- - -	- -	- -	- -	150,000	5	4½	285,000
Stonehouse and Nailsworth	65,940	Nil	- - -	- -	- -	- -	10,000	5	Nil	75,940
Swansea Vale	139,895	6	- - -	- -	- -	- -	11,000	4	4	334,215
							103,660	5	5	—
							79,660	6	6	—
Tewksbury and Malvern	235,610	Nil	- - -	- -	- -	- -	- -	- -	- -	235,610
(*See* also the Cheshire Lines Committee, Midland and Eastern, North and South Western Junction, Norwich and Spalding, and Tottenham and Hampstead Junction.)										

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Midland and Eastern	212,717	2⅛	*Worked jointly by Great Northern and Midland Railway Companies							212,717
Mid-Wales	403,740	Nil	– 7†					402,600	5	Nil	806,340
Milford	*See* under Great Western.		—	—	—	—	—	—	—	—	—
Minehead	*See* under Bristol and Exeter.		—	—	—	—	—	—	—	—	—
Mold and Denbigh Junction	*See* under London and North Western.		—	—	—	—	—	—	—	—	—
Monmouthshire Railway and Canal	Worked by the Great Western from 31st July 1875.										
Much Wenlock and Severn Junction	*See* under Great Western.		—	—	—	—	—	—	—	—	—
Muswell Hill Estate	*See* under Great Northern.		—	—	—	—	—	—	—	—	—
Nantwich and Market Drayton	*See* under Great Western.		—	—	—	—	—	—	—	—	—
Neath and Brecon	256,230	Nil	– 6†					122,800	5	Nil	379,030
Newport Pagnell	Amalgamated with London and North Western from 1st July 1875.										
Newquay and Cornwall Junction	*See* under Cornwall Minerals.			—	—	—	—	—	—	—	—
Northampton and Banbury Junction	109,960	Nil	– 8†					219,770	5	Nil	329,730
North and South Western Junction	Leased to London and North Western, Midland, and North London Railway Companies.								—	—	—
North Eastern	18,202,722	8½	4 4	440,570	8	8½		535,000	5½	5½	38,965,959
	216,243	6		1,356,565	6	6		7,003,000	5	5	—
				483,540	5	5		1,869,000	4½	4½	—
				4,035,423	4½	4½		1,181,250	4	4	—
				21,275	4	11 3/120		62,090	3	3	—
Leased to, or worked by, the North Eastern:				3,559,281	4	4		—	—	—	—
Great North of England, Clarence, and Hartlepool Junction.	41,875	3	- * -	16,918	4½	4½		13,725	5	5	72,518
Tees Valley	49,495	2	- * -					8,598	5	5	58,093
Northern and Eastern	*See* under Great Eastern.		—	—	—	—		—	—	—	—
North London	1,975,000	6	10 6					250,000	4½	4½	2,925,000
(*See* also North and South Western Junction.)								700,000	Minimum 4½ Maximum 5	5	—
North Staffordshire	3,230,140	2⅛	2 7	1,170,000	5	5		971,000	5	5	5,731,140
								360,000	4½	4½	—
Longton, Adderley Green, and Bucknall. (*See* also Macclesfield Committee.)	47,500	Nil	- * -								47,500
North Union	* Leased to Lancashire and Yorkshire, and London and North Western Railway Companies.								—	—	—
Norwich and Spalding	*Worked by the Great Northern and Midland Railway Companies jointly.							—	—	—	—
Nottingham and Grantham Railway and Canal	*See* under Great Northern.		—	—	—	—		—	—	—	—
Oldham, Ashton-under-Lyne, and Guide Bridge Junction.	150,000	Nil	5 6	40,000	4¾	4¾					190,000
Pembroke and Tenby	79,876	Nil	11 9	23,335	4	4		225,310	5	1½	328,521
Penarth Harbour, Dock, and Railway	*See* under Taff Vale.		—	—	—	—		—	—	—	—
Peterborough, Wisbeach, and Sutton	*See* under Midland.		—	—	—	—		—	—	—	—
Pontypool, Caerleon, and Newport	*See* under Great Western.		—	—	—	—		—	—	—	—
Poole and Bournemouth	*See* under London and South Western.			—	—	—		—	—	—	—
Potteries, Shrewsbury, and North Wales	318,250	Nil	- -	-	-	-	-	100,000	5	Nil	858,200
	219,975	Nil	– 1†								
	219,975	Nil									

* *See* Note A., at end. † *See* Note B., at end.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued.*

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid-up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£.	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£.
Preston and Wyre	638,000	$7\frac{10}{12}\frac{3}{5}$	7 6	- -	- -	- -	9,380	5	5	677,380
	30,000	$12\frac{10}{12}\frac{3}{5}$								
Ravenglass and Eskdale	22,588	Nil	No passenger traffic.	- -	- -	- -	- -	- -	- -	22,588
Redruth and Chasewater	49,500	Nil	Mineral Line	- -	- -	- -	- -	- -	- -	49,500
Rhymney	276,000	Nil	1 1	90,000	5	5	59,437	5	5	921,437
							143,000	5	5	—
							100,000	$5\frac{1}{2}$	$3\frac{5}{16}$	—
							253,000	6	6	—
Ross and Monmouth	*See* under Great Western.			—	—	—	—	—	—	—
Royston and Hitchin	*See* under Great Northern.			—	—	—	—	—	—	—
Ryde and Newport	63,800	Nil	Line only opened for traffic on 20th December 1875				30,000	5	Nil	93,800
Saffron Walden	*See* under Great Eastern.		—	—	—	—	—	—	—	—
St. Austell and Pentewan	8,172	Nil	Mineral Line	- -	- -	- -	- -	- -	- -	8,172
Salisbury and Dorset Junction	*See* under London and South Western.			—	—	—	—	—	—	—
Salisbury and Yeovil	*See* under London and South Western.			—	—	—	—	—	—	—
Salisbury Railway and Market House	*See* under London and South Western.			—	—	—	—	—	—	—
Saundersfoot Railway and Harbour	Private property.		—	—	—	—	—	—	—	—
Scotswood, Newburn, and Wylam Railway and Dock.	85,000	Nil	- 5	- -	- -	- -	- -	- -	- -	85,000
Seaton and Beer	*See* under London and South Western.			—	—	—	—	—	—	—
Sevenoaks, Maidstone, and Tunbridge	*See* under London, Chatham, and Dover.			—	—	—	—	—	—	—
Severn and Wye Railway and Canal	99,561	Nil	- - -	30,000	$4\frac{1}{2}$	$4\frac{1}{2}$	163,638	5	3	313,199
							20,000	$5\frac{1}{2}$	$3\frac{3}{10}$	—
Sheffield and Midland Committee	Line owned by the Manchester, Sheffield, and Lincolnshire, and Midland Railway Companies.							—	—	—
Shrewsbury and Hereford	- -	- -	- * -	50,000	$4\frac{1}{2}$	$4\frac{1}{2}$	- -	- -	- -	675,000
Great Western and London and North Western Companies in respect of the.				625,000	6	6	—	—	—	—
Shropshire Union Railways and Canal	*See* under London and North Western.			—	—	—	—	—	—	—
Sidmouth	*See* under London and South Western.			—	—	—	—	—	—	—
†Sirhowy	105,000	10	1 6	- -	- -	- -	65,000	5	5	170,000
†Somerset and Dorset	636,249	Nil	2 2	- -	- -	- -	35,655	$4\frac{1}{2}$	Nil	1,207,785
							85,000	5	Nil.	—
							90,880	5	Nil.	—
							360,000	5	Nil.	—

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†South Devon (in respect of the Railway)	1,564,665	2¾	6	1	-	-	-	-	262,275	4½	4½	2,707,081
									880,141	5	5	—
Buckfastleigh, Totnes, and South Devon	65,874	Nil	-	* -	-	-	-	-	30,000	5	Nil	95,874
South Eastern	3,670,669	5⅝	-	-	984,300	4½	4½		2,023,690	4½	4½	14,166,324
			12	2					190	4½	—	—
	2,150,110	6	-	-	800,000	5⅛	5⅛		2,387,030	5	5	—
	2,150,110	5½			-	-	-	-	225	5	—	—
London and Greenwich	861,540	2⅝	-	* -	-	-	-	-	222,720	5	5	1,084,260
South Wales Mineral	55,610	Nil	Mineral Line		-	-	-	-	79,854	6	Nil	135,464
Spilsby and Firsby	*See* under Great Northern.		—		—	—	—		—	—	—	—
Stafford and Uttoxeter†	113,903	Nil	-	2	-	-	-	-	70,838	5	Nil	193,741
Staines, Wokingham, and Woking	*See* under London and South Western.				—	—	—		—	—	—	—
Stamford and Essendine	*See* under Great Northern.				—	—	—		—	—	—	—
Stonehouse and Nailsworth	*See* under Midland.				—	—	—		—	—	—	—
Stratford-upon-Avon	*See* under Great Western.				—	—	—		—	—	—	—
Swansea Vale	*See* under Midland.				—	—	—		—	—	—	—
Taff Vale	1,110,000	8½	5	3	-	-	-		165,000	5	8½	1,677,184
									58,225	4½	4½	—
									243,959	5	5	—
Leased to, or worked by, the Taff Vale:												
Aberdare	- -	- -	-	-	50,000	10	10		- -	- -	- -	50,000
Dare Valley	46,886	5	-	* -	-	-	-	-	- -	- -	- -	46,886
Llantrissant and Taff Vale Junction	96,000	5			-	-	-	-	- -	- -	- -	96,000
Penarth Harbour, Dock, and Railway.	622,000	4½	-	-	-	-	-	-	- -	- -	- -	622,000
Talyllyn	15,000	Nil	-	3	-	-	-	-	- -	- -	- -	15,000
Tees Valley	*See* under North Eastern.		—		—	—	—		—	—	—	—
Tenbury Railway	- -	- -	-	* -	30,000	4½	4½		- -	- -	- -	30,000
Great Western and London and North Western Companies, in respect of the.												
Tendring Hundred	*See* under Great Eastern.		—		—	—	—		—	—	—	—
Tewkesbury and Malvern	*See* under Midland.		—		—	—	—		—	—	—	—
Thetford and Watton	45,000	Nil	1	7	-	-	-	-	4,000	5	5	49,000
Watton and Swaffham	6,680	Nil	-	-	-	-	-	-	- -	- -	- -	6,680
Torbay and Brixham	18,000	Nil	-	-	-	-	-	-	4,000	5	Nil	22,000
Tottenham and Hampstead Junction	*Line worked jointly by Great Eastern and Midland Railway Companies.								—	—	—	—
Trent, Ancholme, and Grimsby	120,000	3¾	-	11	60,000	4½	4½		- -	- -	- -	180,000
Vale of Llangollen	*See* under Great Western.		—		—	—	—		—	—	—	—
Vale of Towy	55,000	5	-	* -	-	-	-	-	- -	- -	- -	55,000
Leased to the Llanelly and London and North Western.												
Van	20,000	4	-	5	-	-	-	-	- -	- -	- -	20,000
Victoria Station and Pimlico	225,000	9	Returns included in those of the companies using the station						130,000	4½	4½	355,000

* *See* Note A., at end.

† Taken from the Returns for 1874, those for 1875 not having been received.

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RETURN of the Amount of Ordinary, Guaranteed, and Preference Capital of Railway Companies in *England* and *Wales* as it stood on the 31st December 1875, &c.—*continued.*

NAME OF COMPANY.	ORDINARY CAPITAL.			GUARANTEED CAPITAL.			PREFERENTIAL CAPITAL.			Total Paid-up Stock and Share Capital.
	Amount.	Rate of Dividend Paid.	Per-centage of Passenger Duty to Ordinary Capital.	Amount.	Guaranteed Rate of Dividend.	Rate of Dividend Paid.	Amount.	Preferential Rate of Dividend.	Rate of Dividend Paid.	
	£	*Per cent.*	*s. d.*	£.	*Per cent.*	*Per cent.*	£.	*Per cent.*	*Per cent.*	£
Wainfleet and Firsby	*See* under Great Northern.		—	—	—	—	—	—	—	—
Watford and Rickmansworth	*See* under London and North Western.			—	—	—	—	—	—	—
Watlington and Prince's Risborough	30,360	Nil	2 11							30,360
Watton and Swaffham	*See* under Thetford and Watton.		—	—	—	—	—	—	—	—
Wellington and Drayton	*See* under Great Western.		—	—	—	—	—	—	—	—
Wellington and Severn Junction	*See* under Great Western.		—	—	—	—	—	—	—	—
Wenlock	*See* under Great Western.		—	—	—	—	—	—	—	—
West Cornwall Committee				774,243	4½	4½				860,243
				86,000	5	5	—	—	—	—
West London			*	101,180	2	2				180,380
				64,000	3½	3½	—	—	—	—
West London Extension	555,000		*	15,200	6	6	—	—	—	—
West Riding and Grimsby Joint Committee.	Line owned by the Great Northern and Manchester, Sheffield, and Lincolnshire Railway Companies.							—	—	—
West Somerset	*See* under Bristol and Exeter.		—	—	—	—	—	—	—	—
West Somerset Mineral	42,500	5	– 7				32,500	6	6	75,000
Weymouth and Portland	75,000	4⅛	*	Line worked jointly by the Great Western and London and South Western Railway Companies.						75,000
Whitehaven, Cleator, and Egremont	335,000	11¼	2 –				48,000	5	5	383,000
Whitland and Taff Vale	37,000	1½	– 5				8,580	5	5	45,580
Witney	*See* under Great Western.		—	—	—	—	—	—	—	—
Wivenhoe and Brightlingsea	*See* under Great Eastern.		—	—	—	—	—	—	—	—
Worcester, Bromyard, and Leominster	*See* under Great Western.		—	—	—	—	—	—	—	—
Wrexham, Mold, and Connah's Quay	295,217	Nil	– 3†				75,000	5	Nil	370,217
Buckley				46,072	4½	4½	20,000	5	5	66,072

* *Note* A.—The Table is compiled from Returns made by the Railway Companies to the Board of Trade. As in the returns the tax levied on the passenger traffic of the worked, leased, and vested lines is included with that paid by the working Company, and the arrangements between the leased and lessee Companies are not known, the per-centages have been calculated for the whole duty paid on the Ordinary Capital of the working Companies only; and no comparison is given between the duty and the Ordinary Capital of the leased or worked lines.

† *Note* B.—The ordinary capital of the Company received no dividend, and the preference dividend was not paid in full.

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Appendix, No. 10.

PAPERS handed in by Mr. *Grierson*, 23 May 1876.

GREAT WESTERN RAILWAY.

STATEMENT showing the Amount Paid for Government Duty and Rates and Taxes; the Gross Amount paid as Dividend on the Ordinary Stock, and the Rate per Cent. and in the £. they amounted to on the said Dividend.

Year.	Amount Paid as Dividend on Ordinary Stock.	Amount Paid for Government Duty.	Amount in the £. on the Dividend.	Amount per Cent. on the Dividend.	Amount Paid for Rates and Taxes.	Amount in the £. on the Dividend.	Amount per Cent. on the Dividend.	Amount Paid for Government Duty, and Rates and Taxes.	Amount in the £. on the Dividend.	Amount per Cent. on the Dividend.
	£.	£.	s. d.	£.	£.	s. d.	£.	£.	s. d.	£.
1856 -	226,498	32,850	2 10·8	14·50	30,513	2 8·3	13·47	63,363	5 7·1	27·97
1857 -	123,559	35,260	5 8·5	28·54	30,537	4 11·3	24·71	65,797	10 7·8	53·24
1858 -	82,373	34,438	8 4·3	41·81	34,819	8 5·4	42·27	69,257	16 9·7	84·08
1859 -	226,525	36,555	3 2·7	16·13	31,326	2 9·2	13·83	67,881	5 11·9	29·96
1860 -	267,711	36,262	2 8·5	13·55	30,423	2 3·2	11·36	66,685	4 11·7	24·91
1861 -	216,228	38,565	3 6·8	17·83	34,076	3 1·8	15·76	72,641	6 8·6	33·59
1862 -	144,172	47,905	6 7·8	33·23	42,978	5 11·5	29·81	90,883	12 7·3	63·04
1863 -	538,074	54,061	2 0·1	10·05	48,023	1 9·4	8·92	102,084	3 9·5	18·97
1864 -	410,488	56,030	2 8·8	13·65	50,116	2 5·3	12·21	106,146	5 2·1	25·86
1865 -	301,617	58,108	3 10·2	19·27	57,074	3 9·4	18·92	115,182	7 7·6	38·19
1866 -	259,854	58,701	4 6·2	22·59	67,158	5 2·0	25·84	125,859	9 8·2	48·43
1867 -	276,537	57,751	4 2·2	20·88	75,798	5 5·8	27·41	133,549	9 7·9	48·29
1868 -	223,974	58,189	5 2·6	26·10	76,011	6 9·8	34·09	134,200	12 0·4	60·19
1869 -	319,776	58,339	3 7·7	18·24	75,571	4 8·7	23·63	133,910	8 4·5	41·87
1870 -	389,367	57,852	2 11·7	14·86	76,051	3 10·9	19·53	133,903	6 10·5	34·39
1871 -	569,629	58,930	2 0·8	10 35	75,545	2 7·8	13·26	134,475	4 8·7	23·61
1872 -	692,208	51,245	1 5·8	7·40	79,928	2 3·9	11·55	131,173	3 9·5	18·95
1873 -	728,254	52,145	1 5·1	7·16	82,938	2 3·3	11·39	135,083	3 8·5	18·55
1874 -	577,642	71,461	2 5·7	12·37	96,174	3 3·9	16·65	167,635	5 9·6	29·02
1875 -	583,988	91,797	3 1·7	15·72	95,541	3 3·3	16·36	187,338	6 5·0	32·08

GREAT WESTERN RAILWAY.

STATEMENT showing the Gross Receipts; Amount paid for Government Duty and Rates and Taxes; and Rate per Cent. of Gross Receipts, &c., for the Years ending January 1867 to 1876.

Year ending	Gross Receipts.	Amount Paid for Government Duty.	Per Cent. of Gross Receipts.	Amount Paid for Rates and Taxes.	Per Cent. of Gross Receipt.	Amount Paid for Government Duty, and Rates and Taxes.	Per Cent. of Gross Receipts.
	£.	£.	£.	£.	£.	£.	£.
January 1867 - - -	3,746,537	58,701	1·57	67,158	1·79	125,859	3·36
	1,680,800		*3·49*		*4·00*		*7·49*
„ 1868 - - -	3,911,519	57,751	1·47	75,798	1·94	133,549	3·41
	1,710,039		*3·38*		*4·43*		*7·81*
„ 1869 - - -	3,975,458	58,189	1·46	76,011	1·91	134,200	3·37
	1,726,172		*3·37*		*4·40*		*7·77*
„ 1870 - - -	4,114,631	58,339	1·42	75,571	1·83	133,910	3·25
	1,768,991		*3·30*		*4·27*		*7·57*
„ 1871 - - -	4,249,592	57,852	1·36	76,051	1·79	133,903	3·15
	1,779,385		*3·25*		*4·27*		*7·52*
„ 1872 - - -	4,536,257	58,930	1·30	75,545	1·66	134,475	2·96
	1,879,763		*3·13*		*4·02*		*7·15*
„ 1873 - - -	4,917,166	51,245	1·04	79,928	1·63	131,173	2·67
	1,969,810		*2·60*		*4·06*		*6·66*
„ 1874 - - -	5,368,906	52,145	·97	82,938	1·54	135,083	2·51
	2,069,198		*2·52*		*4·01*		*6·53*
„ 1875 - - -	5,386,957	71,461	1·33	96,174	1·78	167,635	3·11
	2,155,653		*3·32*		*4·46*		*7·78*
„ 1876 - - -	5,588,037	91,797	1·64	95,541	1·71	187,338	3·35
	2,191,584		*4·19*		*4·36*		*8·55*

The interlined *italic* figures are the passenger receipts and the calculations upon them.

For 1875, the return shows that the passenger receipts were taxed to the extent of 4·19 per cent. all round for Government duty, besides, say, 2 per cent. for local taxes.

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CORNWALL RAILWAY.

STATEMENT showing the Amount Paid for Government Duty and Rates and Taxes; the Gross Receipts; Per-Centage of Gross Receipts; and Amount of Deficiency paid by the Association Companies to make up the Dividend of Guaranteed Stock, 1866 to 1875.

Year ending	Amount Paid for Government Duty.	Amount Paid for Rates and Taxes.	Amount Paid for Government Duty and Rates and Taxes.	Gross Receipts.	Government Duty per Cent. of Gross Receipts.	Rates and Taxes per Cent. of Gross Receipts.	Government Duty and Rates and Taxes per Cent. of Gross Receipts.	Amount of Deficiency Paid by Associated Companies to make up the Dividend of the Guaranteed Stock.
	£.	£.	£.	£.				£.
31 December 1866	1,853	831	2,684	91,884 *54,711*	2·02 *3·38*	·90 *1·52*	2·92 *4·90*	6,059
„ 1867	1,367	993	2,360	92,834 *51,480*	1·47 *2·65*	1·07 *1·92*	2·54 *4·58*	13,147
„ 1868	1,481	829	2,310	97,479 *53,825*	1·52 *2·75*	·85 *1·54*	2·37 *4·29*	13,413
„ 1869	1,414	709	2,123	96,829 *53,417*	1·46 *2·64*	·73 *1·32*	2·19 *3·97*	14,096
„ 1870	1,429	669	2,098	98,244 *54,117*	1·46 *2·64*	·68 *1·23*	2·14 *3·87*	14,519
„ 1871	1,507	705	2,212	107,700 *56,325*	1·40 *2·67*	·65 *1·25*	2·05 *3·92*	12,256
„ 1872	1,609	742	2,351	117,402 *59,925*	1·37 *2·68*	·63 *1·24*	2·00 *3·92*	2,651
„ 1873	1,698	714	2,412	132,602 *64,817*	1·28 *2·62*	·54 *1·10*	1·82 *3·72*	11,476
„ 1874	1,726	795	2,521	132,886 *66,023*	1·30 *2·62*	·59 *1·20*	1·89 *3·82*	10,384
„ 1875	1,666	702	2,368	126,984 *63,160*	1·31 *2·64*	·55 *1·11*	1·86 *3·75*	16,294

The *italic* figures have reference to passenger traffic only.

GREAT WESTERN, BRISTOL AND EXETER, SOUTH DEVON, CORNWALL, WEST CORNWALL, AND MONMOUTHSHIRE RAILWAYS.

Gross Traffic Receipts, &c. for the Year 1875.

Railway.	Gross Receipts from Traffic.	Amount Paid for Government Duty.	Per Cent. of Gross Receipts.	Amount Paid for Rates and Taxes.	Per Cent. of Gross Receipts.	Amount Paid for Government Duty and Rates and Taxes.	Per Cent. of Gross Receipts.	Amount Paid for Dividend on Ordinary Stock.	Amount in the £. on the Dividend Paid for Government Duty.	Amount per Cent. on the Dividend Paid for Government Duty.	Amount in the £. on the Dividend Paid for Rates and Taxes.	Amount per Cent. on the Dividend Paid for Rates and Taxes.	Amount in the £. on the Dividend Paid for Government Duty and Rates and Taxes.	Amount per Cent. on the Dividend Paid for Government Duty and Rates and Taxes.	Income Tax in the £.	Amount Paid for Income Tax on Dividend on Ordinary Stock.
	£.	£.		£.		£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	d.	£. s. d.
Great Western	5,588,037 *2,191,584*	91,797	1·64 *4·19*	95,541	1·71 *4·36*	187,338	3·35 *8·55*	583,988	3 1·7	15·72	3 3·3	16·36	6 5·0	32·08	2	4,866 11 4
Bristol and Exeter	502,887 *269,773*	11,625	2·31 *4·40*	11,362	2·26 *4·31*	22,987	4·57 *8·71*	65,730	3 6·4	17·69	3 5·4	17·29	6 11·9	34·97	2	547 15 -
South Devon -	327,798 *188,621*	5,250	1·60 *2·78*	3,721	1·14 *1·97*	8,971	2·74 *4·75*	18,811	5 7·0	27·91	3 11·5	19·78	9 6·5	47·69	2	156 15 2
Cornwall -	126,984 *63,160*	1,666	1·31 *2·64*	702	·55 *1·11*	2,368	1·86 *3·75*	-	-	-	-	-	-	-	-	-
West Cornwall	48,197 *20,088*	478	·99 *2·38*	424	·88 *2·11*	902	1·87 *4·49*	-	-	-	-	-	-	-	-	-
Monmouthshire	79,185 *14,490*	167	·21 *1·15*	4,278	5·40 *29·52*	4,445	5·61 *30·67*	30,523	- 1·3	·55	2 9·6	14·0	2 10·9	14·55	2	254 7 2

The *italic* figures have reference to the passenger duty only and the computations thereon.

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Appendix, No. 11.

PAPER handed in by the Chairman.

JUDGMENT delivered in the COURT of EXCHEQUER, on Monday the 6th July 1874, in the case of THE ATTORNEY GENERAL *v.* THE NORTH LONDON RAILWAY COMPANY. Appendix, No. 11.

Court of Exchequer, Westminster Hall, 6th July 1874.

THE ATTORNEY GENERAL *v.* THE NORTH LONDON RAILWAY COMPANY.

JUDGMENT.

Mr. Baron *Amphlett.*—THIS case of the Attorney General *v.* The North London Railway Company was argued before the Lord Chief Baron, my Brother Pigott, and myself, some time ago, and I have now to deliver the judgment of the Court.

This information is filed for the purpose of recovering from the Defendant Company certain passenger duties from which they claim to be exempt under the provisions of the 7 & 8 Vict. c. 85, commonly called "The Cheap Trains Act." By section 6 of that Act, after reciting "That it was expedient to secure to the poorer classes of travellers the "means of travelling by railway at moderate fares, and in carriages in which they might "be protected from the weather," it was enacted, "That all passenger railway companies "herein mentioned," and which would include the Defendant Company, "should, by means "of one train at the least, to travel along their railway from one end to the other of each "trunk, branch, or junction line belonging to or leased by them, so long as they should "continue to carry other passengers over such trunk branch, or junction line, once at the "least each way on every week day, except Christmas Day and Good Friday, such excep-"tion not to extend to Scotland, provide for the conveyance of third class passengers to "and from the terminal and other ordinary passenger stations of the railway under the "obligations contained in their several Acts of Parliament, and with the immunities "applicable by law to carriers of passengers by railway," and also under certain conditions therein mentioned, among which are the following:—"Such train shall start at an hour to "be from time to time fixed by the directors subject to the approval of the Lords of the "Committee of Privy Council for Trade and Plantations. Such train shall travel at an "average rate of speed not less than twelve miles an hour for the whole distance travelled "on the railway, including stoppages. Such train shall, if required, take up and set down "passengers at every passenger station which it shall pass on the line. The carriages in "which passengers shall be conveyed by such train shall be provided with seats, and shall "be protected from the weather in a manner satisfactory to the Lords of the said Com-"mittee. The fare or charge for each third class passenger by such train shall not exceed "one penny for each mile travelled." By section 7, a penalty is imposed upon railway companies refusing or wilfully neglecting to comply with the provisions of that Act. By section 8 it was enacted that, "Except as to the amount of fare or charge for each passenger "by such cheap trains, which should in no case exceed the rates thereinbefore in such case "provided, the Lords of the said Committee (hereinafter called the Board of Trade) should "have a discretionary power, upon the application of any railway company, of dispensing "with any of the conditions thereinbefore required in regard to the conveyance of passengers "by such cheap trains as aforesaid in consideration of such other arrangements as therein "mentioned." And by section 9 it was enacted that no tax should be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding one penny for each mile by any such cheap train as aforesaid.

The Defendant Company have, by various Acts of Parliament, become the proprietors of a line of railway, which may be called their main line, running northward from Broad Street, in the City of London, up to a certain place called the Dalston Junction, and from thence, dividing into two branches, one running to the east to Poplar, and the other to the west to Chalk Farm. Before reaching Chalk Farm a line of railway belonging to other companies diverges from this main line and runs to Richmond and Kew Bridge, and the Defendant Company have running powers over that line, and work the same, not as a separate line or branch, but in connection with their main line, as hereinafter mentioned. By arrangement the Defendant Company run some of their trains beyond Poplar to Black-wall and elsewhere, but for the purpose of the Judgment their line at this end may be considered as terminating at Poplar.

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Appendix, No. 11.

The Defendant Company work their system of railway as follows:—Trains run continuously to and fro by the Dalston Junction between Broad Street and Poplar; other trains run continuously to and fro also by Dalston Junction between Broad Street and Chalk Farm, and between Broad Street and Richmond and Kew Bridge, or one of them. No trains have run for some time past continuously to and fro between Poplar and the stations to the west of Dalston Junction; but passengers desiring to go from Poplar, or any intermediate stations between Poplar and Dalston Junction to any other station to the west, take an up train from Poplar to Broad Street as far as Dalston Junction, and then join after an interval of a few minutes only, a down train from Broad Street to Chalk Farm or other terminal stations to the west, as the case may be.

Under these circumstances, we think that trains running from one end to the other from Broad Street to Poplar, or from Broad Street to Chalk Farm, Richmond or Kew Bridge, or between other terminal stations in the Defendant's system, and complying with the other requirements of the sixth section of the Act, are cheap trains within the meaning of the Act, and that exemption from duty in respect of the fare of passengers by any such train is not lost by their being required, for the convenience of the traffic, to move from one such train to another at Dalston Junction, or any other station, provided there is no unreasonable detention at such station so as to reduce the speed at which such passengers travel below the minimum speed required by the Act.

The Defendant Company only use two classes of carriages upon their lines, which are respectively called or marked "first" and "second" class carriages. The fares charged to second class passengers from any one terminal station to another terminal station, and, indeed, between most of the stations, do not exceed the Parliamentary rate of a penny a mile, and, in all such cases, second class tickets only are issued. There are, however, a few cases where the fares to and from particular stations for second class passengers exceed the Parliamentary rate, and in some of these cases, but not all, third class tickets are issued at fares not exceeding the Parliamentary rate; and where third class tickets are issued, there being no third class carriages, the holders of second and third class tickets are admitted to the same carriages, and are afforded the same accommodation in every respect.

The Defendants claim exemption from duty in every case in which the fare charged to the holders of either second or third class tickets does not exceed the Parliamentary rate of one penny a mile. This claim to exemption is disputed by the Crown on various grounds; and, first it was contended that in the absence of any third class carriages a train ought not to be considered a cheap train within the meaning of the Act; and reliance was placed upon the preamble of the sixth section of the Act, and the express mention of third class passengers in the body of the section, which, it was forcibly argued, showed that the class of persons whose fares were to be exempted from duty were those who would originally travel in third class carriages, and not those who, if there were both second and third class carriages, would prefer the former, even at a greater charge in order to secure themselves from the discomfort of travelling in company with third class passengers. We are, however, of opinion that the objection ought not to prevail. There is no definition of a third class passenger in the Act; and it would, we think, be unreasonable to hold that the question whether a person is a third class passenger should depend upon the number affixed to his carriage or ticket, which might be changed at any moment. We apprehend that third class passengers were mentioned in the sixth section of the Act merely to show that it was for that class of passengers only that the fares were to be compulsorily limited, leaving the companies to exercise their own discretion as to the fares to be charged to other passengers; it might otherwise have been held, as indeed is contended in the information, though not insisted upon in the argument before us, that no passenger by a cheap train, of whatever class, should be charged more than the Parliamentary rate. Suppose the Company chose to run a Parliamentary train with only one class of carriages, such as are usually called third class carriages, would it not be a cheap train within the meaning of the Act, and could it be deprived of that character because the Company gave the passengers the benefit of better or more commodious carriages?

It was contended on the part of the Crown, that, even assuming that the train was not deprived of its character of cheap train within the Act by the absence of third class carriages, still, that the fares of those only who asked for third class tickets would be within the exemption; and that if it be difficult or impossible to distinguish them from the others, the Company have brought it upon themselves, and cannot complain.

Looking, however, at the language of the ninth section of the Act, where passengers generally and not third class passengers are mentioned, we are of opinion that such distinction cannot be maintained, and that the fares of all passengers by a cheap train of whatever class are within the exemption, if not exceeding the Parliamentary rate.

It is easy to see that this construction may enable companies to claim exemption for the fares of passengers not within the purview of the Act, but that must be remedied, if thought advisable, by the Legislature, and not by putting a strained meaning on the language of the Act as it stands.

It was next contended on the part of the Crown that no train which did not stop at every ordinary passenger station between the terminal stations, and which did not carry passengers to all the stations at which they did stop at the Parliamentary rate, was a cheap train within the meaning of the Act, and that, consequently, the fare of no passenger travelling by it, of whatever class, would be within the exemption; and we are of that opinion.

It has been faintly contended on the part of the Defendant Company that this would not be so on the construction of the Act alone; but it was said that the Board of Trade had dispensed

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dispensed with both these conditions. It is, however, our opinion that even assuming that the Board of Trade, after the requisite knowledge of the fact, did *de facto* intend to dispense therewith (which, but for the admission on the part of the Crown, might have been very much doubted upon the evidence in the case), it was beyond their power to do so. By the 8th section of the Act the rates of fares are expressly excepted out of the dispensing power; and with respect to the stopping of trains, we think that the dispensing power is confined to the conditions (expressly so called) at the end of the clause, and does not extend to the requirements in the previous part of the clause, which appear to constitute the essential definition of a cheap train within the meaning of the Act. If this be so, it seems to us to make the clause consistent with itself, the passenger stations mentioned in the third condition at which trains are to stop, if required, must be taken to mean stations other than the ordinary passenger stations before mentioned, such, for instance, as those which are sometimes established for the convenience of private individuals or particular works, or on particular days for the accommodation of market people.

The only other questions raised before us, which are ripe for decision without further inquiry into the facts, are, as to return tickets, and as to workmen's tickets.

With regard to the return tickets, it appears that in some instances such tickets are issued to second class passengers at fares, which assuming them to make full use of their tickets, would not exceed the Parliamentary rate, while the fare for a single journey over the same distance would exceed that rate; and we are of opinion that no exemption can be claimed in respect of such return tickets; since it appears to us to be the intention of the Act that a passenger whose fare is to be exempt should have the option of travelling for any part of his journey at the Parliamentary rate.

With regard to workmen's tickets, which are weekly tickets, accorded to artizans, mechanics, and daily labourers upon a special contract, it appears that the charge for every such ticket is one shilling only, which, if the holder availed himself of it every day in the week, would not exceed the Parliamentary rate; but such tickets are only issued for trains running from Dalston Junction to Broad-street, and not for any train which travels from one end to the other of any trunk, branch, or junction line of the Defendant's; and, moreover, the passengers availing themselves of these tickets are not allowed to take with them half a hundredweight of luggage without extra charge, in compliance with the Cheap Trains Act; and we do not find any evidence or admission that the last condition has been dispensed with by the Board of Trade.

We think, therefore, that, under the present arrangements, the fares of these workmen's tickets are not entitled to the exemption, although we should have been of a different opinion if the tickets were issued to passengers travelling by the cheap trains as herein defined, and if the condition as to luggage were dispensed with, as it doubtless would be upon application to the Board of Trade.

Under these circumstances the proper decree appears to us to be as follows:—Declare that every train running from one end to the other of the line between Broad-street Station and Poplar Station, or between Broad-street Station and Chalk Farm, Richmond or Kew Bridge, or between other terminal stations in the Defendant's system of railway, and conveying passengers to and from such terminal and every intermediate ordinary passenger station at fares not exceeding the Parliamentary rate, and complying with the several other conditions mentioned in the sixth section of the Cheap Trains Act, so far as they have not been properly dispensed with by the Board of Trade, ought to be considered a cheap train within the meaning of the Cheap Trains Act, notwithstanding there may be no third class carriages in such train.

Declare that the fares of passengers by such cheap trains are entitled to exemption from duty, if they do not exceed the Parliamentary rate, whether the tickets issued to them are second or third class.

Declare that such exemption is not lost by such passengers being required, for the convenience of traffic, to move at any particular station from one such cheap train to another, provided there is no unreasonable detention at such station, so as to reduce the speed at which such passengers travel below the minimum speed required by the Act.

Declare that no train ought to be considered a cheap train within the meaning of the Act, whether approved by the Board of Trade as a cheap train or not, which does not stop at every intermediate ordinary passenger station, and which does not convey some class of passengers to and from every station at fares not exceeding the Parliamentary rate; and that no exemption ought to be allowed in respect of the fares of the passengers by any such train, notwithstanding such fares may not exceed the Parliamentary rate.

Declare that the fares received for return tickets are not exempt from duty, unless the fares that would be charged to the same class of passengers for the single journey over the same distance would not exceed the Parliamentary rate,

Declare that the fares received for workmen's tickets under the existing arrangements, are not exempt from duty, and then direct, in case the parties differ, which perhaps they may not do, an inquiry as prayed in the third paragraph of the prayer, regard being had to the above declaration.

I will hand down a copy of the declarations.

Mr. *W. W. Karslake.*] I do not know that your Lordships have considered whether the Crown should have the costs; althought the Crown has not wholly succeeded, yet substantially the judgment is for the Crown.

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Appendix, No. 11.

Mr. Baron *Amphlett.*] I think not; this case has settled a rather important question.

Mr. *W. W. Karslake.*] No doubt that is so, my Lord. It is the first time that the whole subject has been gone into fully, although your Lordship may remember that the case of the Oxford, Worcester, and Wolverhampton Railway Company was mentioned by Sir Henry James in the course of his reply, which did not go to one part of the case.

Mr. Baron *Amphlett.*] Yes, to one part of it. I think there should be no costs.

Mr. *W. W. Karslake.*] If your Lordship pleases.

Appendix, No. 12.

PAPER handed in by the *Chairman.*

Appendix, No. 12.

JUDGMENT delivered in the HOUSE of LORDS, on Tuesday the 22nd February 1876, in the case of the NORTH LONDON RAILWAY COMPANY *v.* THE ATTORNEY GENERAL.

House of Lords, Tuesday 22nd February 1876.

THE NORTH LONDON RAILWAY COMPANY - - - - - - - *Appellants.*

and

THE ATTORNEY GENERAL - - - - - - - - - - *Respondent.*

Present:

THE LORD CHANCELLOR.	LORD HATHERLEY.
LORD CHELMSFORD.	LORD O'HAGAN.

JUDGMENT.

Lord Chancellor.] MY LORDS, in this case an information was filed in the Court of Exchequer, as a Court of Revenue, for the purpose of obtaining the decision of the Court upon certain matters which were in controversy between the Crown on the one hand, and the North London Railway Company on the other, touching the duty or tax imposed upon the receipts of the Railway Company by Act of Parliament. The declaration of the Court was obtained upon the various matters which were thus in controversy, and in the result that declaration has been acquiesced in on both sides, upon all points except two, which are now submitted to your Lordships' opinion by way of review.

My Lords, I will take these two points in order, and for the purpose of expressing the opinion which I have formed upon the first of them, I will remind your Lordships that the Act of Parliament, which is commonly called "The Cheap Trains Act" (the 7th and 8th of the Queen, chapter 85), inaugurated for the first time the system of cheap or Parliamentary trains, and the enacting clause contained in that Act provided that every company within the purview of that Act, that is every railway company, should "by means of one "train at the least to travel along their railway from one end to the other of each trunk, "branch, or junction line, belonging to or leased by them, so long as they should continue "to carry other passengers over such trunk, branch, or junction line, once at the least each "way on every week-day, except Christmas Day and Good Friday (such exception not to "extend to Scotland), provide for the conveyance of third-class passengers to and from the "terminal and other ordinary passenger stations of the railway under the obligations "contained in their several Acts of Parliament," under the following conditions. Then came certain conditions which I will pass over for the present, although I shall have to advert to them afterwards. And then the eighth clause provided that "Except as to the "amount of fare or charge for each passenger by such cheap trains" (that fare or charge was a penny a mile), "which shall in no case exceed the rates hereinbefore in such case "provided" (namely, a penny a mile), "the Lords of the said Committee" (the Board of Trade) "shall have a discretionary power, upon the application of any railway company, of "dispensing with any of the conditions hereinbefore required in regard to the conveyance "of passengers by such cheap trains as aforesaid, in consideration of certain benefits to be "obtained for the public, on the other hand." Then, my Lords, the ninth section provided "that no tax shall be levied upon the receipts of any railway company from the conveyance "of passengers at fares, not exceeding one penny for each mile, by any such cheap train as "aforesaid."

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My Lords, the duty imposed upon the receipts of railway companies had been imposed by an earlier Act of Parliament, and the effect of the Act to which I am now referring was, that the receipts of railway companies for the carriage of passengers at a rate not exceeding a penny a mile, provided they were carried "by any such cheap train as aforesaid" (whatever that may mean), were exempted from the tax or duty imposed by the earlier Act.

Now, my Lords, the first question which arises in this case is this. The North London Railway Company has established a service in which there are one or more trains of the description which I am about to give. Those trains start from the terminus of the company, and they start at an hour approved of by the Board of Trade; they stop at every passenger station along the line; in those respects, therefore, they comply with all the requirements of the Act. With regard to the greater number—it is said by far the greater number—of the stations at which they stop, they carry third-class passengers to and from these stations at rates not exceeding a penny a mile for the distance travelled. But there are certain stations (and for the present purpose it does not matter whether they are more or less numerous) at which these trains stop, where, whether from oversight or otherwise, I know not, the rates have been adjusted in such a way that they are somewhat above the Parliamentary rate of a penny a mile, and the question is whether a train complying with the provisions of the Act of Parliament in all other respects but that which I have mentioned, is deprived of the benefit of the exemption given by this Act of Parliament, because there are certain stations to which the rate exceeds a penny a mile.

My Lords, if the matter stood there alone, of course, there could not be any doubt that there would not be a compliance with the Act of Parliament. But it is said that the Board of Trade has dispensed, in those cases which I have mentioned, with the literal compliance with the Act of Parliament; and it is admitted between the parties that if the Board of Trade had the power so to dispense with the requirements of the Act, they have done so. My Lords, in my opinion, the Board of Trade has not the power to dispense with that condition. The words of the Act of Parliament are express. Whatever other dispensing power is given by the eighth section of the Act to the Board of Trade (and that I shall have to consider on the second point), this is excepted altogether out of their dispensing power, "the amount of fare or "charge for each passenger by such cheap trains." Now, my Lords, can it make any difference that the fare in excess of a penny a mile is only charged to certain stations, and not to all? If the Board of Trade has the power to dispense with the obligation of the Act of Parliament as to one station, it has also as to two; and if as to two it has to all. The result of the argument, therefore, must be that the Board of Trade may dispense with the observance of the Parliamentary rate as to one or more, or as to all the stations upon the line. And if that be so, it would be simply arming the Board of Trade with power to do the very thing which has been excepted out of its power by the eighth section.

My Lords, upon the first point of the case I apprehend there really can be no doubt, and your Lordships did not call upon the learned Counsel who appeared for the Crown to argue it. I pass, therefore, to the second and by far the most difficult question in the case.

Now, my Lords, in order to explain how the second question arises, your Lordships will allow me to remind you of the very simple facts which are to be borne in mind in reference to it. The terminus to which we are looking, as I have said already, is the Broad-street terminus. From Broad-street the line of this Railway Company goes for a certain distance in a northerly direction, and there comes to a junction with another line. From that junction it turns away to the west or north-west, and finds its course ultimately to Kew, and to Richmond. There are a number of stations between Broad-street and the junction, and a number of stations between the junction, and Kew, and Richmond. There are certain trains arranged in this manner: one of them will start from Broad-street, and will stop at every station upon the line between Broad-street and the junction; another train will start from Broad-street somewhat later, it will not stop at all the stations between Broad-street and the junction, and at the junction it will overtake, as it were, or come up with, the passengers who left by the earlier train, and it will, if desired, take these passengers on, stopping at all the stations between the junction and Kew or Richmond. Now, if the earlier of those two trains, the train that I may call the stopping train, complies in other respects with the Act of Parliament, and has its fares adjusted, so that they nowhere exceed a penny a mile, it is not questioned by the Crown but that the Parliamentary traffic by that train will be exempt from the duty; that is to say, that the fare paid by a passenger who leaves by that earlier train, goes on by it to the junction, and is there taken up by the faster train and carried on to Richmond, will be exempt from duty. But it is said on behalf of the Crown with regard to the traffic which starts by the later train, the faster train of the two, that that traffic is not exempt from duty because that train does not stop at all the stations between Broad-street and the junction. And there again, my Lords, comes in the further question as to the dispensing power of the Board of Trade; because if the Board of Trade has the power, it is admitted between the parties that, with regard to the second train also, the Board of Trade has dispensed with any obligation that it should stop at the stations at which it does not stop, and therefore, if the Board of Trade has the dispensing power, that fast train will have been pronounced by the Board of Trade to be a Parliamentary train. The question, therefore, really is, has the Board of Trade this dispensing power?

Now, my Lords, for the purpose of deciding this question your Lordships will find it necessary to look a little more minutely at the enactments in the Act of Parliament than I have already done. I have read to your Lordships the words of the sixth section, up to a certain point. That sixth section laid upon the company the obligation that it should, by

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means of one train at the least, to travel along the railway from end to end, once at the least each way every day, provide for the conveyance of third-class passengers, to and from the terminal, and other ordinary passenger stations of the railway, under the obligations contained in their several Acts of Parliament. My Lords, if it stopped there, there could be no doubt that the obligation of the Company to be fulfilled before they could pronounce any train to have complied with this section would be, that the train should pass from end to end of their line, that it should do that within the day, and that it should convey third-class passengers to and from every ordinary passenger station.

The clause continues, "under the following conditions." There are imposed, therefore, certain specific conditions in addition to what I have already read; they are seven in number. The first is, that the train shall start at an hour to be approved of by the Board of Trade; the second, that it shall travel not less than 12 miles an hour, including stoppages; the third, that the train shall, "if required, take up and set down passengers at every "passenger station which it shall pass on the line;" the fourth is that, "the carriages in "which passengers shall be conveyed by such train shall be provided with seats, and shall "be protected from the weather, in manner satisfactory to the Board of Trade;" the fifth is, "the fare or charge for each third-class passenger by such train shall not exceed one penny "for each mile travelled;" the sixth, that every passenger shall be allowed a certain weight of luggage, which I need not particularize; the seventh and last, that children under and above three years of age shall be carried upon certain terms. Those are the seven conditions.

Then, my Lords, when we come to the eighth clause, or the dispensing clause (the power given to the Board of Trade to dispense), we find that it runs thus: "It is enacted, "that except as to the amount of fare or charge for each passenger by such cheap train, "which shall in no case exceed the rates hereinbefore in such case provided, the Lords of "the said Committee shall have a discretionary power, upon the application of any railway "company, of dispensing with any of the conditions hereinbefore required in regard to the "conveyance of passengers by such cheap trains as aforesaid, in consideration of such other "arrangements, either in regard to speed, covering from the weather, seats or other "particulars, as to the Lords of the said Committee shall appear more beneficial and "convenient for the passengers by such cheap trains under the circumstances of the case." There is, therefore, a power given to the Board of Trade to dispense, on certain terms, with any of the conditions thus described, that is, any of the conditions hereinbefore required in regard to the conveyance of passengers by such cheap trains as aforesaid. But that dispensing power is not to go to the extent of allowing the Board of Trade to interfere with "the amount of fare or charge for each passenger" by the cheap train, which is in no case to exceed the penny a mile.

Now, my Lords, upon that, the Court of Exchequer have come to the conclusion, that the Board of Trade has not the power to dispense with the obligation laid upon the Railway Company to stop a train which it desires should have the character of a cheap train, at every one of its passenger stations, and the Court of Exchequer have arrived at that conclusion by this process of reasoning. The Court hold that there is indeed a condition that a train shall, if required, take up and set down passengers at every passenger station which it shall pass on the line, and the Court, as I understand the judgment, hold that that is a condition which, if properly interpreted, the Board of Trade has the power of dispensing with. But the Court of Exchequer hold that the proper interpretation of that condition is, that it refers, not to what we term the ordinary stations along the line of railway, but to those stations where the train does not ordinarily stop, but where it has some habit of stopping at the requisition of certain individuals, the owners of certain properties, or of stopping by signal, or by stopping for the purpose, not of the general traffic, but of some particular market or fare on some particular day. Regarding this condition as applying to stations of that description, and not to ordinary passenger stations, the Court hold that the obligation to stop at ordinary passenger stations, is not contained in the condition which I have read, but it is contained in the earlier part of the section, namely, that part which defines the essence of a cheap train, and declares that the Company shall "provide for the "conveyance of third-class passengers to and from the terminal and other ordinary "passenger stations of the railway." Therefore, say the Court of Exchequer, you have, as the essence of this cheap or Parliamentary train, the duty of stopping at every passenger station, imposed upon you by the earlier part of the section, and with that there is no power in the Board of Trade to dispense. You have got among the conditions a reference to stopping at passenger stations, but that does not mean the same kind of passenger stations as are mentioned in the first part of the clause, but those other occasional passenger stations to which I have referred, and with the obligation of stopping there the Board of Trade may dispense.

My Lords, speaking with great respect for the Court of Exchequer, I am bound to say that I cannot persuade myself that that is the proper construction of this section; and if I had arrived at the conclusion that no other interpretation could be given to this condition but that which holds it to relate to such occasional stations as I have referred to, I should be in great doubt as to whether the result at which the Court of Exchequer arrived was the proper result. But, my Lords, I cannot so read this condition, and I think if your Lordships will favour me by looking at the different character of these conditions, we shall find a simple, and as it seems to me, a natural construction for the section which will reconcile every part of it.

Now, my Lords, let us consider, *à priori*, the character of the conditions before we look

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at the dispensing clause. The first of these conditions is, that the train shall start at an hour to be fixed by the directors and to be approved by the Board of Trade. My Lords, it is in the very nature of the case that with that condition there could be no power given to the Board of Trade to dispense. It is the life and soul of the cheap or Parliamentary train. If the directors are to be set free from the obligation of having the hour approved of by the Board of Trade, there is no security whatever to the public, that the working or poorer classes will have the accommodation which Parliament desired to give them, because the train might be started at an hour which would be altogether unsuitable for them.

Again, let us take the second condition, that the trains shall travel at a rate of speed not less than 12 miles an hour; can it be imagined that with that condition the Board of Trade could have been intended to have a power to dispense? My Lords, if your Lordships were to arrive at that conclusion the result would be this, that you would have Parliament declaring that the speed shall not be less than 12 miles an hour, and at the same time saying that the speed may be any other speed which the Board of Trade may appoint; so that in the result it would be just the same as if Parliament had said, without the mention of any speed, the speed shall be that which the Board of Trade think proper, a conclusion which would be entirely at variance with the character of this enactment, the object of which was to give a certain security to the working classes and the public. Therefore, my Lords, *à priori*, I think your Lordships will find a difficulty in implying that it could have been intended to give a power to the Board of Trade to dispense with that second condition.

The third condition is, "such train shall, if required, take up and set down passengers at "every passenger station which it shall pass on the line." Now, my Lords, if that were to be applied to those occasional stations, those stations where there was an obligation to stop by signal, or where there was a stopping for the purpose of a market only, the question would naturally arise, why should there be a power given to the Board of Trade to dispense with the duty of stopping, if required, at those stations, more than any other stations? Why should a working man wanting to go to one of these places where the train stops only on the occasion of a market day, be at the *arbitrium* of the Board of Trade, as to whether he had a right to be set down at that station, or not? It appears to me, my Lords, that that would be a very strange and forced construction.

Therefore, my Lords, taking those first three conditions, I have arrived at the conclusion that it is, *à priori*, in the highest degree, improbable, that any one of them would have been intended to be left open to be dispensed with by the Board of Trade. With regard to the third condition, it is difficult to suppose that it could be intended to be dispensed with, if it refers to those occasional stations which I have mentioned; still more if it refers, as according to its natural construction the words would appear to refer, to every passenger station along the line.

Then, my Lords, we pass on to the four other conditions, which appear to be to me of a very different character. Each of the first three conditions commences by the words, "Such "train." "Such train shall start." "Such train shall travel." "Such train shall, if "required, take up and set down." Now we come to what relates more to the conveyance of the passengers in the train. The fourth condition is, that they shall have carriages protected from the weather; the fifth, that the charge imposed upon them shall not exceed one penny a mile; the sixth, that they shall be allowed personal luggage to a certain amount; and the seventh, that children travelling with adults shall be treated in a particular way. Those four conditions, are conditions not applying to the train, or to the working of the train, but applying to the privileges of the passengers in the train.

With that preface, I will ask your Lordships now to pass on to the eighth section, the dispensing section, and I think, after what I have said, its words will appear to be capable of very clear interpretation. It is enacted, "That except as to the amount of fare or charge "for each passenger by such cheap trains, which shall in no case exceed the rates herein- "before in such case provided, the Lords of the said Committee shall have a discretionary "power upon the application of any railway company of dispensing with any of the conditions "hereinbefore required in regard to the conveyance of passengers by such cheap train as "aforesaid, for certain considerations." Now, my Lords, I ask you to observe that the words are not, that the Board of Trade shall have power to dispense with any of the conditions hereinbefore mentioned. Why not? If it had been intended to arm the Board of Trade with a dispensing power over all those conditions, that would have been the natural phraseology. The Board of Trade shall have power to dispense on certain terms with any of the conditions hereinbefore mentioned. But those are not the words; the words are to dispense, not with any of the conditions, but "with any of the conditions hereinbefore "required in regard to the conveyance of passengers." There your Lordships have, therefore, words which make a distinction between the two classes of conditions which are before mentioned. The dispensing power leaves untouched the conditions of an entirely different character which relate to the train, and which must be complied with before it can be called a cheap train at all. The dispensing power takes up the conditions, which deal, not with the train, but with the conveyance of passengers, and it singles out from those conditions (that is from the last four conditions) one, the condition with regard to the rate of fare, and it states, putting aside that one condition with regard to the conveyance of passengers, and excepting it from the dispensing power of the Board of Trade, that the Board of Trade may dispense with any other of the conditions in regard to the conveyance of passengers. My Lords, that appears to me to make the language of the whole of the enactment consistent—consistent in point of words, as between one section and the other, and consistent with what

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I think must be taken to be the policy and the object of the Act, namely, to establish a train which shall have certain unchangeable characteristics, but which shall have also certain, what I may call accidents, as regards the privileges of passengers to be carried by that train. Out of these accidents, there is one, the rate of fare, which is not to be changed, but any of the others may be dispensed with, or qualified, by the Board of Trade.

My Lords, if that is the proper interpretation, as I submit to your Lordships it is, of the Act of Parliament, it disposes of the second question. The Board of Trade have not the power to dispense with the obligation of stopping at the various stations along the line, and these trains which I have described, the faster trains, starting after those which stop at every station, cannot claim to have their traffic exempted from the duty.

I therefore submit to your Lordships that upon both the two points which are now raised by way of appeal, although upon the second point, for a reason different from that given in the Court of Exchequer, the decision of the Court of Exchequer is correct; and this Appeal should be dismissed, with costs.

Lord Chelmsford.] My Lords, upon the argument of this Appeal only the two questions stated by my noble and learned friend remain for decision. These questions must be determined upon the sixth and eighth sections of the Act the 7th and 8th Victoria, chapter 85, commonly called "The Cheap Trains Act." My noble and learned friend has read both of those sections, and I will not trouble your Lordships again with them.

The Appellants work their system of railways between Broad-street and Poplar, and between the same terminal station and Chalk Farm, and Kew, and Richmond, by the passengers having in each instance to change the train at Dalston Junction, it not appearing that the stoppage at the junction brings down the rate of speed, excluding stoppages, below 12 miles an hour.

I agree with the Court of Exchequer that these trains are cheap trains within the meaning of the Act, notwithstanding the removal of the passengers from one train to another at the Dalston Junction. It appears that no single cheap train running between Broad-street and Richmond, or *vice versâ*, stops at every intermediate station between the two terminal stations, although a Parliamentary and a non-Parliamentary train corresponding with each other, do by means of this corresponding, stop at all the stations.

It is contended on the part of the Crown, that these trains are not exempt from duty as a cheap train within the definition of such trains in the sixth section, even if they could be regarded as a single train, as they do not travel along the railway from one end to the other, and provide for the conveyance of third-class passengers at the Parliamentary rate, from the terminal, and other ordinary passenger stations. But the Appellant Company say, that the Board of Trade, under the discretionary power given them by the eighth section of the Act, have dispensed with the condition that the train "shall, if required, take up and set down passengers at every passenger station which it shall pass on the line."

It was admitted that such dispensation was granted, but it was insisted that the Board of Trade had no power to dispense with this condition. And this was the opinion of the Court of Exchequer. Baron Amphlett in delivering judgment said, "with respect to the "stopping of trains, we think that the dispensing power is confined to the conditions "(expressly so called) at the end of the clause; and does not extend to the requirements in "the previous part of the clause, which appears to constitute the essential definition of a "cheap train within the meaning of the Act;" and then he goes on to explain what he considers to be the effect of the conditions at the end of that column.

I cannot agree that this condition is absolutely beyond the discretionary power of the Board of Trade. By the sixth section of the Act, the railway companies must, by means of one train at the least, travelling along the railway from one end to the other, once at least each day, provide for the conveyance of third-class passengers. This appears to be the primary and paramount object of the Act, and it is an indispensable obligation on the companies. If, therefore, the provision is not complied with, no train upon the railway can have the character of a cheap train; nor, consequently, can be within the protection of the Act in regard to exception from duty. An absolute power, therefore, to enable the Board of Trade to dispense with the condition, would strike this essential provision out of the Act. But, I think, such a dispensing power may be exercised by the Board of Trade in certain circumstances. If a railway company have one train a day by which they conform to all the requirements of the Act, and are desirous of running other cheap trains on the same lines, which shall not be obliged to stop at every station, the Board of Trade may, in my opinion, dispense with the condition, as to these, which, for distinction sake, I may call additional trains, and, by this dispensation, may exempt the Company from payment of duty. But the Company have no cheap train upon the line between Broad-street and Richmond, which stops at all the stations; and, therefore, if the Board of Trade dispenses with the conditions in favour of this line, the Company will not be complying with the positive obligations imposed upon them by the Act, and would be removed altogether from the sphere of its operation.

I consider the declaration of the Court of Exchequer to be correct, not for the reasons they have assigned, but upon the grounds I have stated, which have led me to the same conclusion.

Lord Hatherley.] My Lords, I have come to the same conclusions as my noble and learned friends who preceded me.

It appears to me, that there is one leaning guide for us in the first part of the section which establishes the cheap trains, which will carry us safely through the construction of the

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the Act, and I certainly so far adopt the construction which has been put upon it by my noble and learned friend on the Woolsack. It is this section of the Act, which establishes the cheap trains, which expressly recites the anxiety of Parliament to secure for the former class of travellers the means of travelling by railway, at moderate fares, and in carriages in which they may be protected from the weather.

That is the general, paramount intention of the Act, and the Legislature carries out that intention by enacting in the first clause which establishes that cheap train, that so long as the Company carry any passengers at all upon their line they shall provide one such cheap train at the least each way, on every week day (with certain exceptions in the Act mentioned), for the conveyance of third-class passengers, to and from the terminal and other ordinary passenger stations of the railway. It is clear, therefore, that Parliament intended that there should be one train at the least every day, which should take third-class passengers, not only from terminus to terminus, but to and from any station at which any other passenger was taken up or set down. I am not speaking of the special stations, some of which are called signal stations, and others market stations; but as regards the ordinary stations along the line of railway it was enacted that every poor man coming to any one of those stations where passengers are ordinarily taken up and set down, should be able, at a certain specified time, to be arranged as afterwards provided for, to find his train, and to travel by that train at a certain rate of speed not less than 12 miles an hour, and at a certain rate of fare specified in the Act, namely, not more than a penny a mile.

Then the Act proceeds to say,—providing as it does for the carrying of passengers from the terminal and other ordinary passenger stations,—that the trains shall be under the "following conditions." "Such train shall start at an hour to be from time to time fixed "by the directors, subject to the approval of the Lords of the Committee of Privy Council "for Trade and Plantations."

My Lords, I apprehend that that clause was intended to say, you, the poorer class of passengers, shall be carried by one continuous train, not by a series of trains, some of which will start at one hour and some of which will start at another, but which taken altogether may perhaps stop at all the several passenger stations along the whole course of the line; instead of that, there is to be one train, which is to pass along the line stopping at the various stations. In saying one train I do not refer to that which has been conceded by the Crown, and I apprehend rightly conceded, namely, that a passenger who started by an earlier train was dropped at a station, and then overtaken by a later train, and changed from one train into another, should not merely from that fact be considered to be travelling by the second train. I do not apprehend that that would be so any more than, if he were to be put out of one carriage in a train into another carriage, he could be said to have changed his position in this respect. But what is meant is this, there shall be a through train running from end to end of the line, which shall perform the journey at the average speed of 12 miles an hour, and which shall be prepared to take up any passenger presenting himself at any station on the line, and it shall be a train, of which the hour for starting shall be fixed with the approval of the Lords of the Committee of Council, and which hour, when once fixed, can only be changed subject to the same approval of the Lords of the Committee of Council. It seems to me to be an essential condition which cannot be dispensed with, that this shall be a train as to which every poor man who is desirous of travelling by it, shall be able to ascertain the hour of departure, whether from the terminal station or from any other station, according to the time that the train shall be occupied in running through the several stations on the route.

My Lords, having secured the train for the passenger from the terminus, and having secured the time for starting, and the same for a series of passengers all along the line of route at this cheap rate, the next condition the Legislature lays down is, that the train shall travel at an average rate of 12 miles an hour. Then thirdly, we have the condition that this same train, which the Legislature is talking of all through, is, if required, to take up and set down passengers at every passenger station which it shall pass on the line. Now afterwards, there comes this dispensing power in the Board of Trade, which is in question in the case before us; and the argument has been that the Board of Trade have discretionary power of dispensing with that condition of the trains stopping at every passenger station, because it is said that that which is mentioned in the previous clause comes in as one of the conditions, and as being one of such conditions it is within the power of the Board of Trade to dispense with it. But, my Lords, observe what the argument of the Appellants must amount to. There is nothing in the Act at all which limits this power of the Board of Trade as to dispensing with conditions, to any one train in particular or to any class of trains. If it is good at all, it must be good for all; and if it is good for all, then the Board of Trade would have the power of saying as to any train, although the Legislature has said you shall have at least a train a day, and at least one train a day performing all those conditions which we require as to the starting of the train, as to the number of miles it is to travel per hour, and as to the number of the stations it is to stop at, we (the Board of Trade) will strike out certain stations, and what will be the consequence? The consequence will be that there will be a certain number of the poorer class of people living in the neighbourhood of the stations struck out by the Board of Trade, who will not have the advantage of being conveyed as all their richer neighbours who can afford to pay a higher price than a penny a mile are. When these poor people living near the stations which have been struck out wish to travel by a cheap train, they will be told by the Railway Company, the Board of Trade has sanctioned our leaving you and you out, and so on all along the course of the line, as to such stations as they think it desirable to pass by. It

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was said that according to the provisions of the dispensing clause bargains, securing other advantages, might be made by the Board of Trade which would be for the benefit of the poorer class of passengers, it being in consideration of benefits as regards speed, covering from the weather, seats, or other matters of convenience to the passengers, that the dispensing power is to be exercised. But, my Lords, it is obviously impossible that the striking out of the condition of stopping at every station where the trains ordinarily stop to take up and set down passengers, can be in any shape or way for the benefit of those persons living near those stations, who may be desirous of being conveyed at the rate of a penny a mile. And why? Because they never can, so long as the railway lasts, be carried at the rate of a penny a mile, because their stations have been struck out. How can any arrangement to be made by the Board of Trade possibly be conceived, which would be a benefit to those persons who are not to be admitted to the benefit of cheap trains at all? Parliament having secured the cheap train, having taken great care that the rate of a penny a mile should not be exceeded, we should, according to what is now contended for, have to hold that it had by a subsequent clause said, with reference to a certain number of intervening stations on the line, "We have given power to the Board of Trade to overrule all that we have done "by the previous clause, and to say that there are a certain number of persons residing "along the line who shall have no benefit from the cheap trains at all."

My Lords, I apprehend that any construction which led your Lordships to such a result as that, would be a most improper construction of the Act of Parliament, unless we were driven to it by the impossibility of finding any other construction at all for those words which deal with the discretionary power of the Board of Trade. My noble and learned friend the Lord Chancellor has pointed out that those first three "conditions," as they are called, all relate to the train. The train is described as a cheap train; it is enacted, that one such train at least every day is to be provided, and then the Legislature fixing its mind on that one single train, with that before its view at the moment, calling it "such train" in the singular throughout, says, "such train" as this shall start at an hour to be from time to time fixed by the directors, subject to the approval of the Board of Trade; it says, that "such train" shall travel at an average speed of not less than 12 miles an hour, and it says "such train" shall, if required, take up and set down passengers at every passenger station which it shall pass on the line. And then it proceeds to lay down the remaining conditions in order to make provision for the comfort and accommodation of the passengers who will be conveyed in that train. By means of the first three conditions, if I may so put it, it seats them in the train, and it tells them what sort of a train they are seated in; and then the other four conditions provide for their comfort. The first says what their seats shall be, and how the carriages shall be protected from the weather. The second provides that the charge which may be made for each passenger shall not exceed a penny a mile, and that is specially excepted from the dispensing power; it would have fallen within the dispensing power unless it had been specially excepted from that power. Then there is a provision with respect to carrying a certain quantity of luggage, and a provision with respect to children, and the rates at which they are to be conveyed.

Now, my Lords, although I do not conceal from myself that the working of this Act is not so clear and precise as one would desire, I think still one may arrive at a sound conclusion upon the whole Act, if we do not adopt the conclusion, which not being confined to any one train in particular, would lead us to say that any station might be excluded from the benefit of this arrangement as to cheap trains, if we do not adopt that conclusion which, I say it with great respect to the Court of Exchequer, leans on so very slight a distinction as that which is drawn between the signal and the market stations, on the one hand, and the general stations on the railway on the other; but if we adopt the conclusion of saying that this dispensing power with regard to the conveyance of passengers by such cheap trains, may be well and properly applied in the way in which the Lord Chancellor has pointed out, to the four concluding conditions in the first enacting clause with regard to cheap trains, leaving the other three conditions by which the train is started, and set in motion, not to be affected by those words of dispensing, which are to be applied only to the conveyance of passengers by these cheap trains. I think, taking that as our guide, we arrive at a much more sound and reasonable construction of the whole Act, according to its true meaning and intent, than by any other.

It appears to me, my Lords, although, as I said before, I do not feel free from some amount of difficulty, that the result arrived at by the Court of Exchequer was the right one, and that the Appeal must be dismissed.

Lord *O'Hagan.*] My Lords, the accepted rulings of the Court of Exchequer, and the mutual concessions of Counsel at the bar, have reduced the questions in controversy in this case to the smallest possible compass, and I should not add a word to the full statements of fact and law which have already been made, but for my wish to mention that whilst in the result I concur with my noble and learned friend on the Woolsack, I have had considerable doubt in the progress of the argument, and although I adopt the conclusion of the Court below, I have insuperable difficulty in approving some of the reasons on which it was founded.

It has seemed to me not very clear, regard being had to the words "hereinbefore required," which are large enough to reach all antecedent conditions, that the word "conditions" in the eighth section of the 7th and 8th Vict., chap. 85, may not be applied to the provisions in the body of the sixth section, some of which are in their nature "conditions," as well as the same clauses specifically so denominated at the close of it. And I see no sufficient

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sufficient justification for limiting the operation of the words "every passenger train" in the third of those clauses, to the extent, or in the manner indicated by Baron Amphlett. But, on the first of these points, the Appellants have not relied on the view which had occurred to me, and public policy, if the matter be doubtful, strongly counsels its rejection. If the opposite view, which was tacitly, or expressly, accepted by both parties, be the true one, the construction of the third condition becomes comparatively unimportant, as the substantial object of it will be secured at all events. Appendix, No. 12.

Like my noble and learned friend opposite (Lord Hatherley), I am not quite satisfied with any view presented to us of the meaning of these clauses, which are difficult and obscured; but I prefer that which will best carry into effect the manifest purpose of the Legislature. Assuming, therefore, that the body of the sixth section is not affected by the dispensing clause, I am prepared to hold with my noble and learned friends, that the power given by that clause does not enable the Board of Trade to nullify, as the dispensation contended for might certainly nullify, the essential provisions devised for the protection and advantage of the humble classes, who, if the Appellants' contention should prevail, might be deprived of the cheap and facile means of locomotion, to which the stringent terms of the statute had entitled them.

I shall not waste time in further repeating the arguments already lucidly laid before the House, which have led me to support the proposal of the Lord Chancellor.

Decree appealed from, affirmed, and Appeal dismissed with costs.

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Appendix, No. 13.

PAPERS handed in by Mr. *E. W. Cobb.*

Appendix, No. 13.

RAILWAY PASSENGER DUTY.

Friday, 26th of May 1876.

MEMORANDUM for submission on behalf of the Railway Passengers' Association to the Select Committee of the House of Commons appointed to "Inquire and Report upon the Operation of the Law relating to the Railway Passenger Duty, especially as to its Effect upon the Working of Cheap Trains."

"1. Considering that it has been proved in evidence before this Committee that there has been a concurrent course of action for upwards of 20 years between two responsible departments of Government and all the railway companies of the country, whereby certain fiscal provisions in the Acts of 1842 and 1844 have been construed according to the true spirit and intent of the Select Committee by whom such provisions were recommended for Parliamentary sanction in 1844;

"2. Considering, also, the fact that all the evidence yet received by this Committee has, with one exception only, been tendered by the official representatives of the Government departments and principal railway companies, it is now claimed on behalf of 'The Railway Passengers' Association,' and in the interest of all railway passengers who are the taxpayers, that their tender of evidence in support of the following allegations (A. to K.) be received by the Committee before closing their inquiry and report.

"(A.) That railway passengers travelling in third-class carriages should be placed upon the same footing as first and second class passengers with respect to the advantages offered by any abatement in the fares for return journeys or otherwise.

"(B.) That the 'minimum obligation' upon railway companies heretofore existing under the Act of 1844, to run not less than one train each way daily between all stations upon each company's system, at fares not exceeding one penny per mile, should be repealed, and such amendments authorised and substituted as may secure the running of not less than two trains each way daily, at fares not exceeding one halfpenny per mile, at such times and on such terms and conditions as each company may determine to be most conducive to the public convenience, the same being subject to the revision and award of the Railway Commissioners in all cases of appeal under the Railway Regulations Act, 1873.

"(C.) That if the same question be asked now as was asked by Sir Stafford Northcote in 1874 (17th March) as to the form of tax upon railway locomotion that 'would be least oppressive to the companies,' the answer ought to be that railway companies should be relieved from the necessity which the fiscal provisions in the Act of 1842 have created for increasing their passenger fares, to pay any passenger duty or other tax in excess of such an aggregate amount as would represent a fixed and, if possible, an agreed price for the monopoly they are said to exercise and enjoy, such fixed price being measured by such a sum as would, when paid, serve to place the tax upon railway locomotion for fiscal purposes on a footing of perfect equality as to amount, with the tax upon all other modes of locomotion which are now exempt, but which have been taxed heretofore for the like fiscal purposes, that is to say:—

"1. The taxes levied upon other mode of locomotion have amounted to - - - - - - - - -	£. 17,259,800
"2. The taxes levied upon railway locomotion have amounted to	12,218,653
"3. The unlevied balance upon railway locomotion amounts to	£. 5,041,147

It is suggested with respect to the mode of levying this balance upon railway passengers as the taxpayers, that the railway companies, who are the tax collectors only, should request the Committee to decide whether the balance remaining unlevied upon them, in respect of such fixed prices for their monopoly, ought to be levied by an *unequal* assessment upon passenger fares, or by an *equal* assessment upon the *profits* of each company beyond a clear return of 3 or 4 per cent. per annum as interest for their total capital outlay, instead of being raised by an uniform assessment upon their passenger receipts, without reference either to *profit* or *loss*, as proposed by Mr. Farrer (2386).

"(D.) That if the theorem of Mr. Lowe, in 1870 (155), as revived by Mr. Farrer before this Committee (2386) be entertained in the proposed form of a 3 per cent. tax upon all passenger fares, such an uniform tax-levy, without any exemption, or without some approximation of the tax to the fares charged *per mile*, as recommended by the Select Committee in 1840 (2254), would operate prejudicially and unfairly against all railway companies whose taxed fares for short distances, and for all suburban traffic, are controlled by the untaxed charges of tramway and omnibus companies, which was not the case either in 1840 or 1870.

"(E.) That

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"(E.) That if another theorem of Mr. Lowe in 1870 (158), for taxing what he then termed a 'qualified monopoly,' is to be applied in the form of a tax upon passenger fares only, the money value of such a monopoly to each company should form an element in fixing the measure of the tax.

"(F.) That if, moreover, the theorem of Mr. Lowe in 1870 (158), as interpreted by the Commissioners of Inland Revenue in 1873 (1143), for levying a tribute upon railway companies in consideration of the privileges and monopolies conceded to them by the State, is to be applied in the form of a per-centage on gross revenue from all sources, the money value of the privileges conceded should form an element in fixing the per-centage, or measure of the 'tribute' to be exacted from the companies.

"(G.) That if the theorem of Mr. Melvill, in 1876 (251, 387, 391, 392), and of Mr. Gladstone, in 1866 (131), for securing benefits to the public, is to be applied in the form of low fares, the duty payable under the Act of 1842 should be revised and re-adjusted upon the principle of a graduated scale, as was recommended by Captain Laws, and by the Select Committee, in 1840 (2254), with a view of ultimately attaining the following specific objects:—

"1. A general revision of maximum fares by each company.

"2. A total remission of the duty payable to Government.

"3. A general reduction in the fares, proportioned to the duty remitted; that is to say:—

"(H.) When the passenger fares of any company are reduced below the maximum allowed by their Acts to the extent of the per-centages in Table (A.) annexed, the duty payable to Government should be limited and reduced to a proportionate rate for levy upon the receipts from such fares, to the extent of the per-centages in Table (B.) annexed:

TABLE (A.)	TABLE (B.)	
If Proportionate Reduction in Passenger Fares from the Maximum of each Fare shall range from	The Proportionate Reduction in Rate for Levy upon Receipts from Passenger Fares shall range from	The Proportionate Reduction in Rate for Levy upon Receipts from Passenger Fares ranging from
1 to 10 per cent.	2 to 20 per cent.	4·90 to 4 per cent.
10 to 20 „	20 to 40 „	4 to 3 „
20 to 30 „	40 to 60 „	3 to 2 „
30 to 40 „	60 to 80 „	2 to 1 „
40 to 50 „	80 to 100 „	1 to 0 „

"(I.) That as the product of any levy which could be made in accordance with the proposals in evidence (511, 1492 and 1625) to the effect that the duty payable under the Act of 1842 shall hereafter apply only to railway fares which may exceed 1 *d.* per mile, and 1 *s.* per passenger, whether for single or return journeys, would not suffice to provide for the payment of the unlevied balance as above within any reasonable period, such proposals should be rejected in favour of the graduated scale of duty submitted in the foregoing Tables (A.) and (B.), or should be supplemented by a further levy of 1 per cent. upon all other Revenue until the unlevied balance upon railway locomotion has been paid.

"(J.) That in the event of any substitute for the surrendered passenger duty being proposed in the form of income tax, or otherwise as a trade license, the levy in respect of such trade license should not be authorised for collection as an exceptional tax upon the revenue or profits of railway companies, but should be made common to all other public corporations trading with associated capital. (*See Proposal No. 9 in accompanying Table (C.).*)

"(K.) That the fiscal arrangements heretofore existing between railway companies and the responsible departments of Government, pursuant to their agreed construction of certain provisions in the Act of 1844, during a period exceeding 20 years, and now declared to have been illegal, should forthwith be recognised and declared by the Committee to have been expedient for the public advantage, and therefore binding upon all parties until confirmed and made legal by Act of Parliament."

Submitted on behalf of "The Railway Passengers Association" by

Edward W. Cobb,
Chairman of Executive Committee.

Westminster Palace Hotel, Victoria Street,
20 May 1876.

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RAILWAY PASSENGER DUTY.

TABLE (C.), referred to in Mr. *Cobb's* MEMORANDUM, 26 May 1876.

ALTERNATIVES submitted by different Witnesses on behalf of the GOVERNMENT DEPARTMENTS and RAILWAY COMPANIES in Support of their Objections to the Operation of the present Law.

	COMPANIES.	1. By Mr. MELVILL. Calculated Product without any Exemption, from 5 per cent. levy. (*See* Note 1.)	2. By Sir W. H. STEPHENSON. Realised Product in 1875, with Sundry Exemptions, from 5 per cent. levy. (*See* Note 2.)	3. By Mr. FARRER. Calculated Product without any Exemptions, from 3 per cent. levy. (*See* Note 3.)	4. By Mr. RICKMAN. Calculated Product, with Sundry Exemptions, from 5 per cent. levy. (*See* Note 4.)	5. By COMPANIES ASSOCIATION. Calculated Product, with Sundry further Exemptions, from 5 per cent. levy. (*See* Note 5.)
		£.	£.	£.	£.	£.
1	London and North-Western	156,687	141,792	94,008	18,890	15,668
2	Great Western	100,680	91,754	66,408	14,757	11,068
3	North-Eastern	78,352	39,685	47,010	10,446	7,835
4	Midland	80,261	41,248	48,156	10,701	8,026
5	Great Eastern	58,765	43,324	40,256	7,835	5,876
6	Coledonian	37,722	19,046	22,632	5,026	3,772
7	North British	36,835	19,598	22,098	4,910	3,683
8	Great Northern	54,656	36,452	32,790	7,286	5,465
9	Lancashire and Yorkshire	60,726	36,143	36,432	8,096	6,072
10	South-Western	69,205	46,490	41,520	9,226	6,920
11	South-Eastern	62,738	46,038	37,638	8,364	6,273
12	Brighton and South Coast	64,201	46,675	38,520	8,593	6,420
13	Chatham and Dover	30,612	25,670	18,366	4,081	3,061
14	Manchester, Sheffield, &c.	19,028	5,791	11,412	2,536	1,902
15	North Stafford	7,977	3,574	4,782	1,063	797
16	Glasgow and South-Western	13,119	5,802	7,866	1,748	1,311
17	Metropolitan	21,596	12,180	13,004	2,873	2,159
18	Metropolitan District	12,260	9,921	7,356	1,635	1,226
19	Bristol and Exeter	14,428	11,817	8,652	1,922	1,442
20	Highland	7,580	5,217	4,548	1,010	758
21	South Devon	8,937	4,998	5,358	1,190	893
22	North London	12,271	10,414	7,362	1,636	1,227
23	Cornwall	3,159	1,666	1,890	420	315
24	Furness	3,976	2,636	2,382	529	397
24	TOTAL for 24 Companies in Great Britain £.	1,025,771	707,931	620,429	134,778	102,566
75	Add for 75 other Lines in Great Britain £.	58,277	32,933	30,000	9,728	5,839
99	TOTAL for 99 Railways in Great Britain £.	1,084,048	740,864	650,429	144,506	108,405
	Average Levy upon Passenger Receipts	= 100 per cent.	= 68⅓ per cent.	= 60 per cent.	= 13⅓ per cent.	= 10 per cent.
	Average exempted proportion of Passenger Receipts	= Nil per cent.	= 31⅔ per cent.	= 40 per cent.	= 86⅔ per cent.	= 90 per cent.
		100	100	100	100	100

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RAILWAY PASSENGER DUTY.

TABLE (C.), referred to in Mr. *Cobb's* MEMORANDUM, 26 May 1876.

ALTERNATIVES submitted on behalf of the RAILWAY PASSENGER'S ASSOCIATION, and in the interest of all Passengers, as the Taxpayers, in Support of their Objections to the Operation of the present Law.

	COMPANIES REFERRED TO.	6. BY PASSENGER'S ASSOCIATION. Calculated Product from 5 per cent. Levy upon Graduated Scale (*See* Table (A) & (B) in Memorandum).	7. BY PASSENGER'S ASSOCIATION. Calculated Product from a uniform Levy upon Profits beyond 3 per Cent. Interest on all Capital Outlay.	8. BY PASSENGER'S ASSOCIATION. Calculated Product from a uniform Levy upon Profits beyond 4 per Cent. Interest on all Capital Outlay.	9. BY PASSENGER'S ASSOCIATION. Calculated Product from Companies Trading License with Sundry Exemptions.* (*See* Note 9.)	10. BY PASSENGER'S ASSOCIATION. Calculated Amount of Capital assessable at one-farthing in the Pound for Trading License, with Sundry Exemptions.
		A. £.	B.	C.	D. £.	£.
1	London and North Western	48,570	*Note.*—Until the Board of Trade have reported upon each Company's Returns for 1875, the Product of a 5 per cent. Levy upon the *Profits* of each Company beyond 3 per cent. Interest on Capital Outlay, cannot be determined precisely; but the Product is calculated to realise from 525,000 *l.* to 550,000 *l.*	*Note.*—Until the Board of Trade have reported upon each Company's Returns for 1875, the Product of a 7 per cent. Levy upon the *Profits* of each Company beyond 4 per cent. Interest on all Capital Outlay, cannot be determined precisely; but the Product is calculated to realise from 525,000 *l.* to 550,000 *l.*	68,000	68,000,000
2	Great Western	34,310			53,000	53,000,000
3	North Eastern	24,288			52,000	52,000,000
4	Midland	24,880			56,000	56,000,000
5	Great Eastern	18,215			* 20,000	31,000,000
6	Caledonian	11,693			* 23,000	27,000,000
7	North British	11,417			25,000	25,000,000
8	Great Northern	16,941			25,000	25,000,000
9	Lancashire and Yorkshire	18,823			29,000	29,000,000
10	South Western	21,452			20,000	20,000,000
11	South Eastern	19,446			20,000	20,000,000
12	Brighton and South Coast	19,902			20,000	20,000,000
13	Chatham and Dover	9,489			* 7,250	21,000,000
14	Manchester, Sheffield, &c.	5,896			* 18,000	21,000,000
15	North Stafford	2,470			* 5,800	7,500,000
16	Glasgow and South-Western	4,064			* 6,200	8,500,000
17	Metropolitan	6,692			8,500	8,500,000
18	Metropolitan District	3,800			* 1,900	6,000,000
19	Bristol and Exeter	4,470			5,500	5,500,000
20	Highland	2,349			* 2,750	3,500,000
21	South Devon	2,768			* 3,000	4,000,000
22	North London	3,803			4,000	4,000,000
23	Cornwall	976			* 1,200	1,800,000
24	Furness	1,230			4,600	4,600,000
24	TOTAL for 24 Companies in Great Britain £.	317,944	525,000	525,000	478,800	521,000,000
75	Add 75 other Lines in Great Britain £.	19,109	to	to	71,200	128,100,000
99	TOTAL for 99 Railways in Great Britain £.	336,053	550,000	550,000	550,000	650,000,000
	Average Levy upon Passenger Receipts	= 31 per cent.	= 50¾ per cent.	= 50¾ per cent.	550,000	650,000,000
	Average exempted proportion of Passenger Receipts	= 69 per cent.	= 49¼ per cent.	= 49¼ per cent.		
		100	100	100		
	Add for all Gas and Water Companies in Great Britain and Ireland				100,000	1,000,000
				£.	650,000	750,000,000
	Add for all other Companies trading with Joint Stock Capital under a trading license, not exceeding *one farthing in the pound* of the created Capital of each Company entitled to Interest and Dividend, with exemptions as proposed in annexed Note *				1,000,000	1,000,000,000
				£.	1,650,000	1,750,000,000

* The exemptions would apply according to return for Capital, by reducing the Levy to *one farthing* in each £. 4 Capital if return be 1 per cent. and not exceeding 1¼ per cent.
" " " " £. 3 " " 2 per cent. " 2½ per cent.
" " " " £. 2 " " 3 per cent. " 3½ per cent.
" " " " £. 1 " " 4 per cent. " and upwards.

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Appendix, No. 13.

NOTES as to Alternatives submitted, No. 1 to No. 5.—*See* p. 298.

No. 1 represents whole amount payable under Act of 1842 as product from levy of 5 per cent. upon 21,680,960 *l.* passenger fare receipts in 1875, without any exemptions, as proposed by Mr. Melvill (391).

No. 2 represents 68¾ per cent. of the amount payable under Act of 1842, and the amount of actual product from levy, with partial exemptions up to 31¾ per cent., under arrangements in 1875 now declared to be illegal.

No. 3 represents 60 per cent. of the amount payable under Act of 1842, and the amount of proposed product from levy of 3 per cent. upon 21,680,960 *l.* passenger fare receipts in 1875, without any exemptions, as proposed by Mr. Farrer (2386).

No. 4 represents 13⅓ per cent. of the amount payable under Act of 1842, and the amount of proposed product from levy of 5 per cent. upon 2,890,128 *l.* passenger fare receipts, with sundry exemptions allowed upon 80 per cent. of the total passenger receipts (= 17,344,768 *l.*), as the estimated proportion that would include all fares not exceeding 1 *d.* per mile,—no exemption being allowed for return journeys—the further exemption as claimed by the company's witnesses being included as for all journeys not exceeding 1 *s.* per passenger, whether for single or return journeys (= 1,445,064 *l.*), such exemptions representing one third of the balance (= 4,335,192 *l.*,) assessable for duty at 5 per cent., after allowing for the exemptions claimed in respect of fares not exceeding 1 *d.* per mile, and 1 *s.* per passenger, as proposed in evidence (1492 and 1625) by Mr. Rickman, the total proportion exempted being calculated at 86⅔ per cent. of all passengers fare receipts in 1875, upon a general average.

No. 5 represents 10 per cent. of the amount payable under Act of 1842, and the amount of proposed product from levy of 5 per cent. upon 2,168,096 *l.*, under the same circumstances as in proposal No. 4, but with the additional exemption for return journeys not conceded by Mr. Rickman's proposition, but claimed by the propositions of Mr. Parkes (511) and several other witnesses on behalf of the companies, = 90 per cent. of all passenger fare receipts in 1875 upon a general average.

SUMMARY of Nine Alternatives submitted.

No.	WITNESS.	Product.	Proportion.		If Capitalized.	
			Levy per Cent.	Exemption per Cent.	No. of Years' Purchase.	Amount of Purchase.
		£				£
1	Mr. Melvill - - - - -	1,084,048	100	0	5	5,420,240
2	Sir H. W. Stephenson - -	740,864	68¾	31¾	7	5,186,048
3	Mr. Farrer - - - - -	650,429	60	40	8	5,203,424
4	Mr. Rickman - - - - -	144,506	13⅓	86⅔	33	5,057,710
5	Companies Association witnesses	108,405	10	90	50	5,420,250
6	Passenger's Association witnesses	336,053	31	69	15	5,040,795
7	" " "	550,000	50¾	49¼	10	5,500,000
8	" " "	550,000	50¾	49¼	10	5,500,000
9	" " "	550,000	50¾	49¼	10	5,500,000

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NOTES as to Alternatives submitted, No. 6 to No. 10.—*See* p. 299. Appendix, No. 13.

No. 6 represents 31 per cent. of the whole amount payable under Act of 1842, and the amount of calculated product from levy on a graduated scale of tax reducible from maximum tax of 5 per cent. on the fares as charged by the companies; that is to say, when the fares are reduced 1 per cent. from the maximum of 3 *d.*, 2 *d.*, and 1 *d.* per mile for each class of passenger, the tax reduction will be 2 per cent., the levy being calculated as under, viz.—

	1st.	2nd.	3rd.
1. Levy at 2½ per cent. on 50 per cent. of receipts from each class at fares reduced 25 per cent. below maximum =	2·25 *d.*	1·50 *d.*	0·75 *d.* per mile.
2. Levy at 1 per cent. on 30 per cent. of receipts from each class at fares reduced 40 per cent. below maximum =	1·80 *d.*	1·20 *d.*	0·60 *d.* „
3. Levy at 0 per cent. on 20 per cent. of receipts from each class at fares reduced 50 per cent. below maximum =	1·50 *d.*	1·00 *d.*	0·50 *d.* „
100			

The total receipts being calculated as under, viz.:—

4. Receipts = 80·00 per cent. of whole from 3rd class =	£. 17,344,768	The total levy in above proportions being - =	£. 268,843	
5. Receipts = 9·23 „ „ 2nd class =	2,000,000	„ „ „ - =	31,000	
6. Receipts = 10·77 „ „ 1st class =	2,336,192	„ „ „ - =	36,210	
100·00 Calculated total receipts from passenger fares - -	£. 21,680,960	Calculated total product from levy -	£. 336,053	

The calculated proportion of receipts to be exempted being 69 per cent. upon a general average.

No. 7. represents 50·73 per cent. of the amount payable under Act of 1842, and the amount of calculated product from levy of 5 per cent. upon the profits beyond 3 per cent. interest on all capital, the calculated proportion of all passenger fare receipts entitled to exemption being 49·27 per cent. upon a general average.

No. 8 represents 50·73 per cent. of the amount payable under Act of 1842, and the amount of calculated product from a levy of 7 per cent. upon all profits beyond 4 per cent. interest on all capital, the calculated proportion of all passenger fare receipts entitled to exemption being 49·27 per cent. upon a general average, as in Proposal No. 7.

No. 9 represents 84·61 per cent. of the total amount which would be leviable if a "Companies' Trading License" upon all created capital, up to *one farthing in the pound*, were authorised by Parliament, the assessment being subject to certain exemptions, to be allowed under a decree of Railway Commissioners, in special cases to be referred to them, and calculated te reduce the total product from a general levy at *one farthing in the pound* to the extent of 15·39 per cent. upon a general average.

No. 10 represents the whole amount of capital created upon which an assessment and levy would be made to the extent of *one farthing in the pound*, if Proposal No. 9 should be sanctioned by Parliament with a view to simplicity and economy in the cost of collecting the revenue derivable from a Companies' Trading License.

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ANALYSIS OF INDEX.

LIST of the PRINCIPAL HEADINGS in the following INDEX, with the Pages at which they may be found.

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1. *Concurrence of Evidence in Support of a Total Repeal of the Passenger Duty.*
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3. *Conclusions of the Committee favourable to Abolition, when feasible, on Fiscal Grounds.*

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2. *Proposal in* 1870 *for a Duty of* 1 *per Cent. on Gross Traffic.*
3. *Advocacy of a Passenger Duty of* 3 *per Cent., without Exemptions.*
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8. *Operation of several Alternative Schemes, as submitted on the part of the Board of Trade.*
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Statement showing that certain companies would pay more than at present if the duty and exemptions were commuted into a charge of 3 per cent. upon gross passenger receipts, *Farrer* 2630-2632——Instances on the other hand in which companies would save by a 3 per cent. duty; large bonus thereby to the London and North Western and the Great Western companies, *ib.* 2633, 2634——Disturbance of the relative payments by different companies by substituting a duty of 3 per cent., without exemptions; expected resistance by many companies, *ib.* 2635, 2636. 2778, 2779. 2886——Less objection to the scheme for a duty of 3 per cent. than to other alternative schemes, *ib.* 2648. 2703. 2768. 2770. 2779. 2843-2846. 2866——Slight increase of revenue if there were a tax of 3 per cent. upon gross passenger traffic, *ib.* 2704.

Question whether the rate of duty should be fixed at a lower figure than 3 per cent., and should have reference to the liability of the companies under the law as assumed before the judgment of the Court of Exchequer, *Farrer* 2866-2871.

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4. *Objections to the foregoing Proposition:*

Admission as to the greater convenience to the companies if the tax were raised by a per-centage on receipts, without exemptions; objections however to this plan as compared with the exemption of all fares at and under 1*d.* a mile, *Lord Houghton* 1843–1845. 1939–1944——Decided objection to a 3 per cent. duty, without exemptions as a permanent arrangement; absence of inducement thereby to give increased facilities to third class passengers, *Mansel* 2446-2448. 2509–2520——Approval of the exemption of al fares at and under 1 *d.* per mile rather than of 3 per cent. duty, without exemptions; greater facility of collection, however, under the latter plan, *ib.* 2509–2516.

Objection to the proposal for a 3 per cent. duty, without exemption, *Oakley* 2542——Opinion that a 3 per cent. duty, without exemptions, would not be, in the long run, better for the companies generally than the present duty, with exemptions; illustration in the case of witness' company, *Findlay* 3247, 3248. 3255–3260. 3389——Great inequality involved in a 3 per cent. duty, without exemptions; increased tax on witness' company thereby, *Fenton* 3511.

Great inequality and injustice in the incidence of a 3 per cent. duty, without exemptions, *Laing* 3626, 3627——More inequality than at present would arise under a 3 per cent. duty without exemptions, *ib.* 3684–3686——Still greater objection to a 3 per cent. duty, without exemptions, than to the present system, as all existing arrangements would be disturbed, *ib.* 3707–3709.

5. *Advocacy of the Exemption of all Fares at and under 1d. per Mile:*

Concurrence of evidence in favour of the scheme for exempting from duty all fares at and under 1 *d.* per mile, *Parkes* 511, 512; *Rickman* 1492. 1494, 1495; *Lord Houghton* 1843–1845. 1863–1866. 1946, 1947; *Ellis* 2010–2018. 2043. 2059, 2060. 2064. 2124–2129; *Oakley* 2539. 2542, 2543. 2578–2588. 2604–2609; *Allport* 2929. 2961–2979. 2985–2994. 3061–3067. 3087–3092; *Findlay* 3223–3225. 3373. 3388–3395; *Grierson* 3428, 3429; *Laing* 3631–3638. 3643–3645. 3699–3702. 3710, 3711. 3750–3752——Opinion that there should be no tax on railways, but that, short of abolition, it would be a great improvement to modify and reduce the tax, and to levy it in a different manner, *Parkes* 616–622.

6. *Proposals involving a fixed Payment; Objections thereto:*

Approval of a proposition for a fixed amount of annual revenue, and for raising it by charging each company in proportion to its passenger traffic, *Rickman* 1531–1533; 1618–1622. 1695–1698——Objection to a fixed sum being levied from each company according to the amount now paid, *Lord Houghton* 1867–1869.

Simplification in collection, if the tax were commuted, and fixed at a certain amount for each railway beyond which it should not increase; witness, however, has not considered this proposal, *Farrer* 2395–2399——Objections to a fixed quit-rent or rent-charge in lieu of the proposed obligation to pay a per-centage upon receipts, *ib.* 2637, 2638. 2780–2783——Approval of a plan whereby, for the next three or four years, no railway should pay more than hitherto, and should then pay 3 per cent., without exemption, *ib.* 2925, 2926.

Impolicy of a fixed payment by railways in the nature of a quit-rent, *Laing* 3628, 3629. 3760–3762. 3774——Grounds for objecting to a suggestion that the payment by each company be limited for three or four years to what it was in 1875, and should subsequently be at the rate of 3 per cent., without exemptions, *ib.* 3773, 3774.

7. *Equivalent suggested for the present Duty, Exemptions being Abolished:*

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8. *Operation of several Alternative Schemes, as submitted on the part of the Board of Trade:*

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Paper illustrating the working of several alternative schemes as regards the different companies, and showing the payment by each company under each scheme, and the total revenue to be derived, *App.* 260–262.

9. *Schemes suggested on behalf of the Railway Passengers' Association:*

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Amalgamation.

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Amalgamation. Protection of the public as regards their right to Parliamentary trains in the event of a line passing from one company to several companies, or in the event of amalgamation of several lines under one administration, *Melvill* 210–215.

Tendency to a further amalgamation of existing companies; improbability, however, of one huge monopoly, *Forbes* 800–809——Obstacle to any amalgamation between metropolitan railways and omnibuses, *ib.* 943.

Increasing influence of railway companies by means of amalgamation, *Farrer* 2801–2804.

Applications for Exemption. Very cumbersome form of application for exemption previously to 1860; abandonment thereof, with the sanction of the Board of Trade, in favour of the system of sending in the Time Tables for approval, *Mansel* 2189, 2190.

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ARREARS OF DUTY:

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Belief as to the impracticability of the companies preparing accounts showing the amounts remitted under the interpretation of the law adopted by the Board of Trade, *Forbes* 890–892. 928–931.

Inability of witness to explain the details or basis of a certain estimate or return of the arrears which would have been payable had the duty been charged in accordance with the decision of the Court of Exchequer in July 1874; information obtainable hereon from Mr. Rickman, *Sir W. H. Stephenson* 963, 964. 983, 984. 989. 993. 1006——Impossibility of going further back than 1869 in making any claim in respect of remissions; good grounds upon which the companies could dispute such claims, *ib.* 968–974——Extreme difficulties in the way of legal and successful proceedings against the various companies for recovery of the unpaid duties, *ib.* 972–978. 986–990. 1008.

Very unreliable character of certain estimates of the back amounts which might be demanded under the decision of the Court of Exchequer; grounds for the conclusion that Mr. Melvill's estimate of 5,000,000 *l.* is more than double the amount which might have been claimed, *Sir W. H. Stephenson* 990–994. 1025, 1026.

Explanation as to the claim to the full duty not having been expressly reserved since the date when the question was first raised; different form of certificate issued by the Board of Trade in 1870, and since that year, *Sir W. H. Stephenson* 997–1001——Unreliable estimates of arrears of duty based on the traffic during four months of 1874, *ib.* 1116–1119——Circumstance of the Inland Revenue having given receipts for the duties, without protest, up to 1869; question hereon as to there being any precedent for claiming back duty, *ib.* 1127–1134.

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Return (submitted by Sir W. Stephenson) of the estimated amounts of duty that would have been payable by the different companies from 1st October 1866 to 1st July 1874, if charged on their passenger receipts in accordance with the decree of the Court of Exchequer in July 1874, based upon the supplementary accounts furnished by the companies for the months July to October 1874, *App.* 255——Aggregate of 787,332 *l.* as the arrears, according to the foregoing data, *ib.*

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B.

Blackwall Railway. Impracticability of complying with the conditions of exemption on part of the Blackwall Railway, *Parkes* 490. 493, 494. 529. 566, 567. 604——Maintenance of the railway traffic between London and Blackwall, notwithstanding the competition of the omnibuses, *ib.* 668, 669.

BOARD OF TRADE:

1. *Powers of the Board as to Dispensing with certain Conditions of Exemption under the Act of* 1844.
2. *Proceedings taken by the Board upon the Question of Exemption in the case of the North London Railway.*
3. *Practice of the Board as regards Approval of Time Tables for Exemption.*
4. *Conclusions of the Committee relative to the Powers and Action of the Department.*

1. *Powers of the Board as to Dispensing with certain Conditions of Exemption under the Act of* 1844.

Conclusions as to Board of Trade not having been empowered to dispense with the condition as to stoppage at every station; degree of conflict between the decisions of the Court of Exchequer and the House of Lords on this question, *Melvill* 34–44——Explanation in reference to the forms of approval by the Board in 1870, and subsequently, as to the hours of arrival and departure of particular trains, witness further submitting that the Board had no dispensing power as regards liability to duty, *ib.* 148–153. 230 —— Reference to certain evidence of Mr. Farrer in 1872, as showing the difficulties of the Board under the Cheap Trains Act, *ib.* 375.

Long period for which previously to 1872 there was a common understanding between the Railway Companies, the Board of Trade, and the Inland Revenue as to the mode of levying the duty, and as to the grounds of exemption, *Forbes* 711–713. 718. 788, 789 ——Reference to the Third Report of the Select Committee in 1844, as showing that it was intended to give to the Board of Trade a full discretionary power of exemption, *Forbes* 713–716. 796–799; *Laing* 3617–3625——Discussions in Parliament adverted to as showing that the idea of a five per cent. duty was abandoned by successive Chancellors of the Exchequer, in view of the exemptions by the Board of Trade, *Forbes* 719, 720. 730–738.

Argument as to its being a proper exercise of its discretion by the Board to apply exemption to trains other than those stopping at every station, provided the facilities and conveniences to the public were great, and the fares not more than 1 *d.* a mile, *Forbes* 814–821. 953——Further defence of the interpretation of the law upon which the Board of Trade and the Inland Revenue acted for many years, though eventually proved to have been technically wrong according to the wording of the Act, *ib.* 854–867.

Power of the Board of Trade as to exemptions, apart from direct remission of duty; mistaken view on which undue exemptions were allowed, *Sir W. H. Stephenson* 1027–1030. 1110, 1111.

Explanation that the function of the Board of Trade under the Cheap Trains Act was merely to see that cheap train passengers got all the benefit which the Act intended them to get; superfluous powers vested in the Board for this purpose, *Farrer* 2266. 2268, 2269. 2656, 2657——Full belief of the Board that they had the power of dispensing with the condition that every cheap train should stop at every station; grounds for this conclusion, *ib.* 2266, 2267. 2672.

2. *Proceedings taken by the Board upon the Question of Exemption in the case of the North London Railway:*

Statement of the circumstances upon which the Board of Trade refused certificates of exemption to the North London Company on the ground that the passengers were not carried between all stations at fares of 1 *d.* a mile or under, *Farrer* 2269——Case eventually submitted to the law officers of the Crown on two occasions in 1866, the opinion being that the Board had no right to dispense with trains stopping at every station, *ib.* ——Long correspondence and communication between the Board of Trade and the Board of Inland Revenue in 1866, and subsequently, upon the exemption question; reference of the whole question to the Treasury by the former department, *ib.* 2269–2274.

Delay on the part of the Treasury in taking decisive action; consequent difficulty in preparing a case for the law courts, *Farrer* 2273. 2274 —— Representations made by witness' department to the Treasury as to the whole question requiring revision, *ib.* 2273.

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Board of Trade—continued.

3. *Practice of the Board as regards Approval of Time Tables for Exemption:*

Issue of certificates or forms of approval by the Board of Trade up to 1866 without any questions having been raised by the Inland Revenue Department, *Sir W. H. Stephenson* 1003–1005——Action of the companies in accord with the approval of the Board of Trade, up to 1874, as to the trains in respect of which exemptions should be claimed, *Rickman* 1567–1571.

Qualified form of approval, as regards cheap trains, given by the Board pending the decision of the Court of Exchequer; amended form now given, *Farrer* 2274——Grounds for the conclusion that the approval of the Board is a mere farce, *ib.* 2275–2278.

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Explanation with further reference to the practice of the companies in marking the time tables for approval by the Board of Trade, the real duty of checking the claims resting with the Inland Revenue, *Farrer* 2668–2671——Doubt as to any companies claiming exemption without the previous approval of the Board, *ib.* 2681.

Comment upon a statement by Mr. Farrer that the approved time tables were a mere farce; check exercised in the matter by the Inland Revenue Board, *Rickman* 3149–3152——Correspondence between the Board of Inland Revenue and the Board of Trade in July 1871 upon the subject of the altered practice of the latter as regards approval of the time tables, *ib.* 3152.

4. *Conclusions of the Committee relative to the Powers and Action of the Department:*

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Exoneration of the Government departments as regards the misconstruction of the law, *Rep.* iv——Regret expressed, however, by the Committee that for so long a period no steps were taken to obtain an authoritative legal decision as to the extent of the dispensing power of the Board of Trade, *ib.*

Result of the proceedings eventually taken, and of the decision of the Court of Exchequer, and House of Lords, that the Board of Trade had no power to dispense with the stoppage of trains at every station, *Rep.* iv.

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Bonds (*Payment of Duty*). Belief as to all the railway companies being required to give bonds for the due payment of duties, *Sir W. H. Stephenson* 1012–1016——Reference to the bonds given by the companies as not facilitating legal proceedings for recovery of the sums in dispute or arrear, *ib.* 1049–1052——Explanation in connection with the bonds given by railway companies, and the power of the Inland Revenue Board to put them in force in case of default on the part of the companies, *Rickman* 3143, 3144.

Branch Lines. Check to the formation of small country lines by reason of the duty, *Parkes* 615——Tendency of the tax to hinder the formation of small lines and branches, the success of which is doubtful; impolicy of the tax on this score, *Lord Houghton* 1830–1832. 1894, 1895. 1900–1902. 1918–1922. 1968, 1969——Tendency of the tax, with other burdens, to prevent the construction of branch lines, *Allport* 2981, 2982——Instances of branch lines which the Brighton Company would probably construct if the tax were remitted altogether, *Laing* 3670. 3688, 3689. 3733, 3734.

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Brewer's License. Absence of analogy between the passenger duty and the brewer's license, *Lord Houghton* 1925–1928.

Building Land. Serious obstacle to the development of building land on the London and Chatham line, owing to the operation of the passenger tax, *Forbes* 955–957——Operation of the duty in preventing the opening of suburban stations, and in checking increase in the value of land, *Oakley* 2539–2541. 2568–2570.

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C.

Caledonian Railway. Special arrangement whereby the Caledonian Company pays duty on 22½ per cent. of all the third-class traffic; belief that the revenue has not been prejudiced by this arrangement, *Rickman* 1476–1481. 1549–1551.

Capital. Reference in Captain Galton's Report of 1857 to the incidence of the passenger tax in proportion to the share capital of the companies, *Melvill* 78–80——Purchase of railway stock in full knowledge of the tax, though the charge has doubtless been greatly increased by the new decision, *Farrer* 2354. 2725–2732. 2784–2786——Important distinction between a tax upon railways, in which there is a large amount of fixed capital permanently invested, and a tax upon omnibuses, *ib.* 2862–2865.

Return (submitted by Mr. Farrer) showing the amount of ordinary guaranteed and preference capital of the different railway companies in England and Wales, on 31st December 1875, the rate of dividend in each case, and the amount per cent. of the passenger duty on the ordinary capital, *App.* 270–282.

CHEAP TRAINS ACT:

Explanation as to the obligations or conditions in the Act 7 & 8 Vict. c. 85, relative to the running of trains for the poorer, or third class, passengers at not more than 1 *d.* per mile, and stopping at every station; exemption of such passengers from duty, subject to the above and other conditions, *Melvill* 24–48——Exclusion from the Act of 1844 of such railways as did not come to Parliament for further powers, *ib.* 24–28——Conditions that the train must run on every week day, *ib.* 29. 100——Apparent exemption under the Act in respect of any class of passengers by cheap trains who pay not more than 1 *d.* per mile, *ib.* 31–33.

Argument that the Cheap Trains Act has become obsolete, the obligation provided by the Act having ceased to be an obligation and there being no reciprocity for the privilege of exemption, *Melvill* 229. 241–243. 276–286. 295–299. 410–420 ——Exemption now claimed by the companies from obligations of which they were aware, and into which they distinctly entered, when their Acts were obtained, *ib.* 265–268——Proposed retention of the original Taxing Act, modified by an amended system of exemption, *ib.* 395, 396. 400——Examination upon the question whether the companies in applying for extension Acts were really aware of the state of the law as to their degree of liability to the duty, *ib.* 421–433.

Consideration of certain resolutions of the Select Committee of 1844, upon which the Cheap Trains Act was founded; conclusion that it was evidently intended to give power to the Board of Trade to dispense with the obligation as to cheap trains stopping at every station, *Forbes* 713–716. 796–799; *Laing* 3617–3625 ——Conclusion that the Parliamentary draftsman who drew the Act, so worded the clause in regard to the exempting power of the Board of Trade as not to give effect to the recommendation of the Committee of 1844, *Forbes* 715, 716.

Further reference to the former interpretation adopted by the Board of Trade as an equitable one and in accordance with the intention of Parliament, *Forbes* 814–821. 953 ——Probability of effectual remonstrances to Parliament many years ago if payment had been enforced of the amounts equitably remitted, *ib.* 893–896——Technical character, on the other hand, of the decision of the law lords, who, moreover, differed from each other, *ib.* 953. 958, 959.

Conclusion that it is impracticable to carry out the Act strictly, *Rickman* 1545—— Restrictions and obligations upon the companies in excess of the limitations to which they believed they were liable under the Act; increased requirements of the Board of Trade, *Ellis* 2023–2026. 2037–2040. 2130——Argument that the Act of 1844 contemplated exemption being applied to only one cheap train a day each way, *Farrer* 2289–2296.

Decree of the Court of Exchequer as to what constitutes cheap trains within the meaning of the Act, *App.* 267——Judgment *in extenso*, as delivered by the Court of Exchequer on 6th July 1874, *ib.* 285–288——Judgment as delivered in the House of Lords on 22nd February 1876, *ib.* 288–295.

Summary of the chief provisions of the Act 7 & 8 Vict. c. 85, and of the obligations in connection with exemption from duty, *Rep.* iii, iv——Grounds for the conclusion of the Committee that it is doubtful whether Parliament has employed the proper language to give effect to its intentions, *ib.* v——Evidence before the Committee as to the Act being constantly and unavoidably infringed, *ib.*

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Cobb, Edward W. (Analysis of his Evidence.)—Memorandum submitted (*App.* 296–301) on the part of the Railway Passengers' Association, containing various suggestions on the subject of the remission or modification of the passenger duty, and the revision and reduction of fares, 3775, 3776.

Collection of Tax. Increased facility of collection if there were simply a tax upon gross receipts; probability, however, of much inequality thereby, *Sir W. H. Stephenson* 1100–1104——Advantage of facility of collection, this being an important consideration in choosing between taxes; incidence of the income tax adverted to hereon, *Farrer* 2733–2743—— *See* also *Accounts. Arrears of Duty.*

COMPETITION:

Exceptional instances of railways being open to competition for passenger traffic, *Melvill* 401–403.

Evidence in detail as regards the question of monopoly, to the effect that railways generally are competed with by carriers, or by steamship owners, and are moreover under increased restrictions as to rates through the action of the Railway Commissioners, *Forbes* 695, *et seq.* 842–851——Several urban or suburban lines which suffer from competition in the same way as the Metropolitan District Railway; there being no monopoly to justify the tax, *ib.* 771–774.

Direct and indirect competition to which railway companies are subject, they having no monopoly or exclusive rights, *Forbes* 932–940——Tendency of competition to end in combination, *ib.* 941, 942——Deprecation of any attempt to put a tax on railway-borne coal, sea-borne coal being exempt; argument therefrom as to the injustice of the passenger duty, *ib.* 951, 952——Great competition with the Metropolitan Railway, *Fenton* 1166–1181——Large sums recklessly spent in former years in promoting and in opposing competing lines, *Lord Houghton* 1896–1900.

Few and exceptional cases in which the railway companies are affected by competition from omnibuses, steamboats, &c., *Farrer* 2356. 2642——Doubt as to there being any real competition between omnibuses and railways in London, *ib.* 2356. 2751-2753. 2832–2836——Modified extent to which there is any competition with railways, so that the argument as to untaxed competition does not apply, *ib.* 2830–2836.

Considerable competition with railways throughout the country, whilst in London the competition by omnibus and tramway is very keen; illustration in the case of the Midland Company, *Allport* 2950–2952. 2995-2998. 3037–3045——Very great competition between railways to nearly all the important towns in England, *ib.* 3077–3080.

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Compromise. Fairness of the compromise ultimately agreed to, a strict administration of the law being almost impossible; advice of the solicitor of witness' department to this effect, *Sir W. H. Stephenson* 974–982. 1007, 1008——Further approval of the compromise agreed to by the Inland Revenue, as not a bad one for Government; that is, in view of the great difficulties in enforcing payment, and of the very protracted litigation involved, *ib.* 1053–1056. 1120–1124. 1135–1138. 1151–1155.

Settlements made with the companies on the give-and-take principle, previously to the decision of the Court of Exchequer in July 1874, *Rickman* 1416–1418. 1651–1654——Further explanation as to the Inland Revenue authorities having dealt with the companies on the give-and-take principle, and having made concessions as to the form in which the duty should be accounted for, *ib.* 1651–1654.

Inexpediency of a continuance of the present system, the decisions of the Court of Exchequer and House of Lords not being acted upon, but rather an illegal compromise between the Board of Inland Revenue and the railway companies, *Lord Houghton* 1835–1840. 1892, 1893.

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Cornwall Railway. Great public benefit conferred by the Cornwall Railway, whereas its debts and liabilities are accumulating, the passenger tax being a great incubus on the line, *Ellis* 2036——Particulars relative to the Cornwall Railway as forcibly illustrating

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the severe pressure of the tax, the ordinary shareholders having never received any dividend, *Grierson* 3413-3418. 3450-3452. 3463-3468.

Statement (submitted by Mr. Grierson), showing the amount paid for Government duty and rates and taxes in each of the years 1866-75; the gross receipts, the per-centage of gross receipts, and the amount of deficiency paid by certain associated companies for making up the dividend on guaranteed stock, *App.* 284.

Correspondence of Trains. Statement as to the value of exemptions from duty, in order to constrain the companies into giving better correspondence of trains at junctions, *Melvill* 252. 277. 380-382.

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Development of Traffic. Various ways in which the question of duty crops up and hinders development of traffic, *Parkes* 475-484. 513-522. 541-554. 602, 603. 611. 623-635 —— Argument that the tax interferes more or less with the development of traffic and the extension of facilities, though it may not have prevented the construction of any lines, *Grierson* 3441-3449. 3453-3456.

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Devonshire. Part taken by witness, Sir Stafford Northcote, and others, with a view to railway extension in Devonshire, where it is much needed; fatal obstacles thereto, including the passenger tax, *Ellis* 2008. 2131-2137.

Dividends. Impression that if the duty were abolished the amount would go towards increased dividends, whilst if the exemptions were removed the amount would come out of the dividends, rather than be re-couped by increased fares, *Melvill* 316-321 —— Very low dividends earned by English as compared with foreign railways on account of the competition in this country, *Lord Houghton* 1860-1862. 1884-1891 —— Effect of the duty as regards only the ordinary shareholders, except where the preference shares are not paid in full, *Farrer* 2345-2354.

Return showing the capital and rate of dividend of each company in 1875, and the per-centage borne by the passenger duty to the ordinary capital, *App.* 270-282.

See also *Fares. Increase of Tax. Income Tax.*

E.

Ellis, Henry S. (Analysis of his Evidence.)—Extensive experience and interests of witness as a railway shareholder and as a director, chiefly in the West of England, 1987-1992 —— Failure for the most part of the railway extensions in the West of England; reference especially to the Portishead, the West Somerset, and the Minehead Railways, 1989. 1992, 1993. 2027. 2075-2078 —— Instances of light or cheap railways, the traffic being small; impolicy of any hindrance to these in the shape of a tax, 1990, 1991. 1995 —— Particulars relative to the Torbay and Brixham line, two-and-a-quarter miles long, which has been open since 1868 and has never paid interest on its debentures, much less any dividend; hardship of the incidence of the passenger duty in this case, 1993-1999. 2055, 2056. 2138-2148. 2159-2171. 2176-2178.

Conclusion that in thinly-populated districts the duty acts as a great hindrance to railway extension, much to the detriment of the public, 2000. 2008 —— Illustration in the case of Silverton station on the Bristol and Exeter line, of the great inconvenience to the public and of the increased expense to the companies through the obligation of stopping at every station as a condition of exemption, 2000-2007. 2150-2158 —— Part taken by witness, Sir Stafford Northcote, and others, with a view to railway extension in Devonshire, where it is much needed; fatal obstacles thereto, including the passenger tax, 2008. 2131-2137.

Advocacy of the total abolition of the tax, if feasible, on fiscal grounds, 2010. 2041. 2048, 2049 —— Great improvement by the exemption of all fares at and under 1 *d.* per mile, as suggested by Mr. Rickman, 2010. 2059, 2060. 2064 —— Grounds for concluding that the proposed exemption would greatly stimulate the reduction of fares and the increase of facilities to the public, 2010-2018. 2043. 2124-2129 —— Expected opening of roadside stations, if there were no obligation to stop as a condition of exemption, 2017 —— Power of the larger companies to recoup themselves in other ways for the loss caused by the tax, 2019. 2035. 2042. 2067-2072 —— Gain chiefly to the small and poor companies rather than to the large companies, by a remission of the duty, 2019, 2020. 2035. 2042.

Probable necessity ere long of subsidising some lines, if they are to be kept open; great inconvenience to the public by the closing of any line, 2021-2023. 2034, 2035. 2043 —— Restrictions and obligations upon the companies in excess of the limitations to which they believed they were liable under the Cheap Trains Act; increased requirements of the Board of Trade, 2023-2026. 2037-2040. 2130 —— Voluntary formation doubtless of the several lines which have ended in failure; public want which led to their

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their formation, 2028–2033. 2044–2047. 2074——Great benefit conferred by the Cornwall Railway, whereas its debts and liabilities are accumulating, the passenger tax being a great incubus on the line, 2036.

Exceptional character of the taxation in question, 2048——Explanation that witness does not ask for a system of Government subsidies to poor lines, 2057, 2058. 2088–2091. 2101–2103——Advantage of the removal of Government interference by reducing the per-centage of duty charged and by abolishing exemptions, 2061–2065——Operation of the duty as a partial income tax; that is, in thinly-populated districts and where the duty cannot be added to the fares, 2066–2073.

Self-interest of the companies to continue to give the greatest possible facilities to the public, if the passenger tax were abolished, and irrespectively of outside control, 2079–2087. 2115–2123. 2172–2175——Reference to the abolition of second-class carriages by the Midland Company as only an experiment, 2080–2083. 2121–2123——Examination as to the use formerly made of turnpike roads by stage coaches, &c., and as to the origination and ownership of such roads, 2092–2100. 2106–2108——Approval of Government control of railways, so far as inspection is concerned, though the working arrangements should rest entirely with the companies, 2101–2105. 2109–2123.

Evasion of Duty. Explanation that witness does not impute *mala fides* to the companies in the illegal interpretation placed by them upon the Act, *Melvill* 397–399——Denial that the companies put forward improper claims or evaded the duty, the fact being that they conformed to the requirements of the Board of Trade, *Forbes* 717, 718——Tendency of the present law to induce evasion, *ib.* 836. 841——Belief as to the entire absence of any fraudulent evasion or attempted evasion by the companies, Sir *W. H. Stephenson* 1139–1142.

Entire exoneration of the companies from any attempted evasion, *Rickman* 1441——Different interpretation of the law by different companies, without any deliberate evasion, *ib.* 1546, 1547——The duty has not had the effect of promoting false declarations by the companies, *ib.* 1680——Sufficient security for payment in full, without any evasion, by exempting all fares up to 1 *d.* per mile, *ib.* 1694.

Inducement to the adoption of all sorts of expedients and devices by reason of the exemption; prejudicial effect as regards the public, *Farrer* 2279–2288.

Excursion Trains. Extracts from Captain Galton's Report to the Board of Trade for 1855, showing the immense increase of passengers in respect of whom exemption was claimed; large number of these conveyed by excursion trains, *Melvill* 69——Circumstance of neither Captain Galton nor the Board of Trade having raised any objection as regards the exemption claimed for passengers by excursion trains, though these trains did not stop at all the stations; contravention of the law on this point, *ib.* 70–78——Comment upon the course persued by Mr. Gladstone in 1863, in recognising the extension of exemption to excursion trains; expediency rather of a strict interpretation of the Cheap Trains Act, *ib.* 92–103. 109–113.

Opinion as to the power of the Inland Revenue Board to have put a stop to the exemption of excursion trains and Sunday trains from duty, *Farrer* 2269——Circumstance of Captain Galton in 1856, having called attention to the exemption of excursion traffic, *ib.* 2673——Extract from the Report of the Railway Commissioners in 1850, upon the question of exemption of excursion trains, *ib.* 2674.

Payment of duty claimed from the Great Eastern Company upon eight-day tickets: check thereby to seaside excursions, *Parkes* 475. 541. 572, 573——Hardship in taxing pleasure traffic, so called, in the shape of excursion trains, these being valuable for the health of the working classes, *Laing* 3693–3698. 3704–3706.

EXEMPTIONS:

1. *System of Exemptions in respect of Cheap Trains, though the Obligations imposed by Parliament in regard to such Trains are no longer necessary.*
2. *Proposal for rendering Exemption dependent upon the Grant of Enlarged Facilities.*
3. *Concurrence of Evidence in favour of the Exemption of all Fares at and under 1 d. per Mile.*
4. *Loss of Revenue under the foregoing Scheme.*
5. *Question of Exemption of Fares up to One Shilling; loss of Revenue thereby.*
6. *Objections on the part of the Board of Trade to the present System of Exemptions, as well as to the proposed Extensions.*
7. *Conditions as to Exemption under the Decisions of the Court of Exchequer and House of Lords.*
8. *Amount of Duty represented by the Exemptions.*
9. *Suggestions on the part of the Railway Passengers' Association.*
10. *Conclusions and Recommendations by the Committee.*

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EXEMPTIONS—continued.

1. *System of Exemptions in respect of Cheap Trains, though the Obligations imposed by Parliament in regard to such Trains are no longer necessary:*

Remissness on the part of the Board of Trade (and of the Inland Revenue Board as well) in regard to the gradual extension of exemption under the Cheap Trains Act, the companies having soon ceased to regard the Act as an obligation to run at cheap fares, but rather as an inducement to claim exemption from duty, *Melvill* 65–78——Witness has always considered the law as to cheap trains, and as to payment of duty, inapplicable to the circumstances of the railways; absence of reciprocity for the privilege of exemption, *ib.* 229. 241–243.

Further statement that, irrespective of exemption from duty, the companies would voluntarily comply with the obligation to provide cheap trains stopping at every station, *Melvill* 276. 278, 279. 281–286. 295–299. 370, 371. 410–420.

Reference to the Report of the Joint Committee upon Amalgamation in 1872, as showing that the obligation to run cheap trains as a condition of exemption was no longer necessary, and that the companies had done much more for third-class passengers from self-interest than was required by Parliament, *Farrer* 2253—— Quotation from the Third Report of the Select Committee of 1844, as clearly showing that the Committee concluded it would not be to the interests of the companies to run cheap trains, and that exemption was proposed in return for the obligation to run such trains, *ib.* 2259–2261 ——Reference also to the Act of 1844, as showing that Parliament considered it would not be profitable to run cheap trains, and sanctioned exemption from duty as a compensation for obligation put upon the companies, *ib.* 2261–2263.

Object of the exemption to give the companies a consideration for the obligation to run one cheap train each way daily, *Farrer* 2622——Grounds for the conclusion that the obligation is no longer necessary, as the companies voluntarily run more cheap trains and more workmen's trains than Parliament has required, *ib.* 2623–2629.

2. *Proposal for rendering Exemption dependent upon the Grant of Enlarged Facilities.*

Suggestion that in lieu of the Cheap Trains Act a new Act be passed under which the companies should be entitled to exemption or remission accordingly as they obtained certificates from the Board of Trade (or some special railway department) that they had given certain facilities to the public, *Melvill* 385–395.

3. *Concurrence of Evidence in favour of the Exemption of all Fares at and under* 1 *d. per mile.*

Great boon to the companies and to the travelling public if all fares at 1 *d.* a mile and under, whether single or return, were exempt from the duty, *Parkes* 511, 512——Ready collection of the duty, subject to an exemption of all fares at or under 1 *d.* a mile, Sir *W. H. Stephenson* 1099.

Suggestion that the best and easiest solution of the existing difficulties would be the exemption from duty of all fares at or under 1 *d.* per mile, by all trains, and in any class of carriage, *Rickman* 1492.

Advantage of Mr. Rickman's suggestion for the exemption of all traffic at and under 1 *d.* per mile; return thereby to the original system when third-class passengers were taken only in parliamentary trains, *Lord Houghton* 1843–1845. 1863–1866. 1946, 1947——Great improvement by the exemption of all fares at and under 1 *d.* per mile as suggested by Mr. Rickman; gain thereby to the public, *Ellis* 2010–2018. 2043. 2059, 2060. 2064, 2124–2129——Approval of the exemption of fares not above 1 *d.* a mile, as reverting to the state of things before the judgment of the Court of Exchequer, *Oakley* 2539. 2542, 2543. 2578–2588. 2604–2609.

Conviction, based on witness' personal experience in 1844, that it was intended to exempt all third-class fares at 1 *d.* a mile, *Allport* 2929——Great improvement by the exemption of all fares at and under 1 *d.* per mile, thus placing the companies in nearly the same position as before the recent decision, *ib.* 2961–2979. 2985–2994. 3061–3069. 3087–3091——Advantage of exemptions in the interests of the public, *ib.* 2969–2974 ——Preference further expressed for a five per cent. duty with the exemption of all fares up to 1 *d.* per mile, as compared with a three per cent. duty without exemptions, *Allport* 3087–3092; *Laing* 3750–3752.

Expediency of the exemption of all fares up to 1 *d.* per mile, if total abolition be not possible, *Findlay* 3223. 3255. 3373. 3388——Importance further attached to an exemption of fares up to 1 *d.* a mile, if for fiscal reasons total remission be not feasible, *ib.* 3387–3395——Important relief to the Great Western Company as regards train arrangements by exempting all fares at and under 1 *d.* a mile; increased facilities to the public as they would travel quicker, *Grierson* 3428, 3429.

Grounds for approving strongly of the proposed exemption of all fares at and under 1 *d.* per mile, if the tax cannot be at once dispensed with, *Laing* 3631–3638. 3643–3645. 3699–3702. 3750——Former adoption by Parliament of the principle of exemption of fares at 1 *d.* per mile and under, *ib.* 3710, 3711.

4. *Loss*

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EXEMPTIONS—continued.

4. *Loss of Revenue under the foregoing Scheme:*

Estimated loss of about 350,000 *l.* a year out of 700,000 *l.* by the foregoing plan, though in a short time the duty would probably recover to about 500,000 *l.* a year, *Laing* 1494, 1495——Approximate loss of 167,000 *l.* by exempting all fares at and under 1 *d.* per mile, *Farrer* 2705–2708——Removal of duty from more than half the gross passenger receipts by exempting fares up to 1 *d.* per mile, *Findlay* 3331–3333.

5. *Question of Exemption of Fares up to 1 s.; loss of Revenue thereby.*

Suggestion whether in the case of urban and suburban lines exemption might not apply to fares up to and including 1 *s.*, *Rickman* 1624–1628——Effect of the exemption of fares up to 1 *s.* to exclude the Metropolitan Railway from taxation; extensive effect otherwise, *ib.* 3133, 3134——Large loss of revenue by the exemption of all fares up to 1 *s.*, *ib.*, 3175.

Explanation in connection with a memorial to the Chancellor of the Exchequer in January last praying for exemption of all fares not exceeding 1 *s.*; reference had especially to metropolitan and suburban lines, *Mansell* 2412–2414. 2468, 2469——In the metropolis this would be tantamount to total exemption, *ib.* 2468, 2469.

Objection to the exemption of fares under 1 *s.* as applying to large numbers of first-class passengers, *Allport* 3093, 3094——Importance of the exemption of all fares under 1 *s.*; great relief thereby to lines in the metropolis and in Liverpool, Manchester, &c. where the competition is very keen, *Findlay* 3223, 3224. 3311–3317. 3326, 3327——Great number of fares to be relieved if exemption applied to all fares under 1 *s.*, *ib.* 3326–3330.

6. *Objections on the part of the Board of Trade to the present System of Exemptions, as well as to the proposed Extensions:*

Grounds for the opinion that there is a strong case against the exemption, *Farrer* 2274–2288. 2299–2302——Exception taken to the statement that the companies had a right to the continuance of the exemption as it stood before the strict enforcement of the law, *ib.* 2299–2302.

Further disapproval of exemptions as involving much inequality and inconvenience, *Farrer* 2354, 2355. 2368. 2383——Difficulties involved in any system of exemptions as compared with the facilities under a net charge of three per cent., *ib.* 2384–2393. 2648. 2703. 2768. 2770. 2779. 2843–2846.

Objections to the proposals for exempting all fares at and under 1 *d.* a mile; there is no necessity, in fact, to legislate for the provision of facilities for third-class passengers, *Farrer* 2372–2379. 2640——Opinion that the objection to the present system arises entirely out of the operation of the exemption, *ib.* 2639——Decided objection to the exemption of all fares at or under 1 *d.*, *ib.* 2641.

7. *Conditions as to Exemption under the Decisions of the Court of Exchequer and House of Lords:*

Several declarations set forth in the judgment of the Court of Exchequer in 1874, showing the conditions under which exemption should apply, *Melvill* 180–182——Summary of the conditions necessary, according to the recent decision of the courts of law, before exemption from the passenger duty can be claimed in respect of cheap trains under the Act 7 & 8 Vict. c. 85, *Parkes* 464–475——Chief conditions that the train must stop at every station, and that the fair must not exceed 1 *d.* a mile throughout, *ib.* 466–473——Inclination on the part of the companies, since the new interpretation of the law, to rest their claim to exemption upon the 9th section of the Act 7 & 8 Vict., *Rickman* 1373–1375.

Copy of decree of the Court of Exchequer upon the question of exemption, *App.* 267——Copy of judgment as delivered in the Court of Exchequer in July 1874, *ib.* 285–288——Judgment as delivered in the House of Lords in February 1876, *ib.* 288–295.

8. *Amount of Duty represented by the Exemptions:*

Reference to a certain return showing for the years 1857-75 the per-centage of duty on the total traffic; important reduction owing to the exemptions under the Cheap Trains Act, *Melvill* 234–240.

Return (submitted by Sir W. Stephenson), showing for each company the amount produced by five per cent. on gross passenger receipt, the sum which each company is recouped under the exemption clauses of the Cheap Trains Act, and the per-centage which the latter sum bears to the former, *App.* 257——List of railways which did not claim exemption from duty in respect of any portion of their passenger receipts in 1875, *ib.* 258.

9. *Suggestions on the part of the Railway Passengers' Association:*

Papers submitted by Mr. Cobb explanatory of the views of the Railway Passengers' Association on the subject of exemptions; sundry alterations submitted, *App.* 296–301.

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10. *Conclusions and Recommendations by the Committee:*

Summary of the conditions, seven in number, laid down by the Cheap Trains Act, in reference to the running of cheap trains and the fares to be charged, *Rep.* iii——Provision, by Section 9 of the Act, that no tax was to be levied upon the receipts of any railway company from the conveyance of passengers at fares not exceeding 1 *d.* a mile by any cheap train, *ib.* iv——Mistaken view of the law and of the dispensing powers of the Board of Trade under which exemption was allowed from 1864 to 1867, in respect of stopping trains, *ib.*

Reference to the argument on the part of the Board of Trade, that the exemption works against the public, and should cease, *Rep.* vii.——Recommendation that (pending future abolition of the tax) the duty be restricted to fares over 1 *d.* per mile, that all single fares at or under 1 *d.* per mile be exempted, and that such exemption should apply to return, weekly, and season tickets, *ib.*——Resolution also in favour of exempting, in urban and suburban districts, all fares of all classes, up to and including 9 *d.*, and all return fares based upon the fare for the single journey, *ib.*

See also *Abolition of Tax. Accounts. Alternatice Schemes. Arrears of Duty. Board of Trade. Cheap Trains Act. Compromise. Excursion Trains. Fares. Farthings' Act. Great Eastern Railway. Great Northern Railway. Great Western Railway. Inequality. Inland Revenue Board. Locomotion, Taxes on. Metropolitan District Railway. Metropolitan Railway. North London Railway. Public, The. Remission of Duty. Return Tickets. Revenue from Duty. Season Tickets. Stopping Trains. Sunday Trains. Third-class Passengers. Through Trains. Time Tables. Workmen's Trains.*

Explosives (*Army Stores*). Special rate required for explosives, *Haliburton* 1766, 1767.

Extension of Railways. Opinion that the passenger duty has not prevented railway extension, nor been injurious to the public, *Melvill* 305-307. 322-325. 355-359——Concurrence in the opinion that the duty does not hinder the development of railways, though the mode of assessment may cause some obstruction, *Sir W. H. Stephenson* 1088. 1096-1098——Conclusion as to the passenger duty not preventing the development of railways, *Rickman* 1678, 1679; *Farrer* 2825-2828——Probability of less development of new railways in the next than in the last decennial period; not, however, from any effect of the passenger duty, *Rickman* 1982-1985.

Instances of light or cheap railways, the traffic being small; impolicy of any hindrance to these in the shape of a tax, *Ellis* 1990, 1991. 1995——Conclusion that in thinly populeted districts the duty acts as a great hindrance to railway extension, much to the detriment of the public, *ib.* 2000. 2008.

Effect of the passenger duty, with other considerations, in preventing capital being raised for a competing line to Brighton, *Laing* 3646-3650. 3736, 3737——Conclusion that the tax has decidedly hindered railway development, *ib.* 3690, 3691. 3733-3735.

See also *Branch Lines. Development of Traffic. Public, The.*

F.

FARES:

1. *Power of certain Companies as to adding the Duty to the Maximum Fares.*
2. *Extent of Increase of Fares by reason of the Duty.*
3. *Question as to Reduction of Fares resulting from Remission of Duty, or from increased Exemption.*
4. *Tendency to Reduced Fares, irrespectively of the Duty or its Abolition.*
5. *Effect of the Duty and the Fares upon the Number of Passengers.*
6. *Proposed Power in the Companies generally to add the Duty to the Maximum Fares.*
7. *Suggestions on the part of the Railway Passengers' Association for the Re-adjustment of Fares.*

1. *Power of certain Companies as to adding the Duty to the Maximum Fares:*

Power of certain companies, five in number, to charge the Government duty in addition to the maximum fare which they take under their toll section, *Melvill* 216-220——Power of the companies generally to add the duty to the fares where the competition is not strong, as between Birmingham and London, *Forbes* 913-916——Claim by witness to add the duty to the maximum rate on the London and Chatham Line, though the right to do so is not directly given, *ib.* 949, 950.

Liability of third-class passengers to have the tax added to their fares; that is, in the case

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Opportunity of the larger companies to recoup themselves in other ways for the loss caused by the tax, *Ellis* 2019–2035. 2042. 2067–2072—— Power of the Midland Railway Company and of the larger companies generally to charge the passenger duty in addition to their maximum fares, *Allport*, 2927, 2928.

2. *Extent of Increase of Fares by reason of the Duty.*

Circumstance of the London and North Western and the Metropolitan Companies having charged the duty in the fares, *Melvill* 220–224. 367, 368——Increase of fares by many companies when it was decided that they were not entitled to exemption, *ib.* 407, 408.

Addition of the duty to some of the third-class fares on the Great Eastern line, *Parkes* 472. 496–500——Revised and higher rates charged by the London and North Western and Great Western Companies for third-class passengers, save in Parliamentary trains, since the decision of the Court of Exchequer, *Rickman* 1565. 1572, 1573——Increase of 100 per cent. in one case by the North Western Company, *ib.* 1666–1670.

Tendency of the tax in all cases to increase the charge to the public, *Mansel* 2418 ——Explanation as to the Great Northern Company not having yet added the duty to the fares though they probably may be constrained to do so, *Oakley* 2523–2528. 2555–2560.

Improbability of any companies increasing their fares 100 per cent. in consideration of the duty; check by the Board of Trade in such case, *Farrer* 2682–2687——Doubt whether any companies have really made the public pay the duty in the shape of increased fares, *ib.* 2744–2750. 2849.

Prospect of the Midland Company adding the duty to the third-class fares, unless some remedy be given, *Allport* 2929–2931. 2945–2949. 3103–3106——Addition of the duty to the first-class fares, *ib.* 2935——Decided effect of the tax in enhancing the fares, *ib.* 2934–2939——Further statement as to most of the companies having the power to add the duty of the maximum fare, and as to the probable incidence of the tax upon the public if exemption be not extended to fares at and under 1 *d.* a mile, *ib.* 3064–3076—— Great extent to which the duty would be added to third-class fares throughout the country if the Midland Company should lead the way in the matter, *ib.* 3110.

Extensive addition made to the fares by the London and North Western Company, in order to cover the duty as far as possible, *Findlay* 3225–3227. 3257–3260——Explanation that an exceptional increase of 100 per cent. was not caused by the duty, *ib.* 3353–3359. 3377–3379——Extensive addition made to the third-class fares by the Great Western Company, *Grierson* 3409–3412. 3428. 3432, 3433——Prospect of the duty being generally added to the fares, if the Midland Company should elect to do so, *Laing* 3692.

Exercise by several companies of their power to charge the duty in addition to the fares, *Rep.* v——Probability, if the tax be continued as at present, of the companies generally increasing their fares by the amount of duty, *ib.*——Conclusion as to the tax having involved increase of fares in certain cases, and having prevented reduction in others, *ib.* v, vi.

3. *Question as to Reduction of Fares resulting from Remission of Duty, or from increased Exemption:*

Decided concessions to the public if the duty were remitted, whereas, if it be retained, the companies represented by witness will probably be driven to get the duty out of the fares, *Forbes* 831–834. 884–886——Tendency to reduced fares if exemption applied in all cases where the fare is not more than 1 *d.* per mile, *Rickman* 1497, 1498. 3174, 3175.

Argument that the public have no right to claim a reduction of fares in return for the remission of the duty; several respects, however, in which increased facilities would probably be given, *Lord Houghton* 1866. 1875–1883. 1957–1960——Grounds for concluding that the proposed exemption would greatly stimulate the reduction of fares and the increase of facilities to the public, *Ellis* 2010–2018. 2043. 2124–2129.

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4. *Tendency to reduced Fares, irrespective of the Duty or its Abolition:*

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Self-interest of the companies in the matter of reduction and adjustment of fares, irrespectively of remission of the duty; argument in detail to this effect, *Farrer* 2642–2647. 2663–2667. 2890–2892

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Opinion that the abolition of the tax would not increase the number of passengers, *Melvill* 409——Important increase of passengers by reduction of fares; inexpediency of reductions being made irrespectively of the question of duty, *Parkes* 676–678——Effect of the increase of fares on the Brighton line in reducing the number of passengers, *Paine* 3209–3212——Tendency of the tax when added to the fares to diminish travelling, though witness cannot say that it has actually had this effect on the Brighton line, *Laing* 3678–3683.

6. *Proposed Power in the Companies generally to add the Duty to the Maximum Fares:*

Suggestion in a recent memorial to the Chancellor of the Exchequer that power be given to all the companies to charge the duty in addition to the maximum fare; power thereby of the companies to recoup themselves where the charge is at the maximum, *Mansel* 2415–2422.

7. *Suggestions on the Part of the Railway Passengers' Association for the re-adjustment of Fares:*

Memorandum submitted on the part of the Railway Passengers' Association containing various suggestions on the subject of the remission or modification of the passenger duty, and the revision and reduction of fares in connection therewith, *Cobb* 3775, 3776; *App.* 296–301.

See also *Cheap Trains Act. Exemptions. Great Eastern Railway. Great Northern Railway. Great Western Railway. Incidence of Tax. Inequality. London, Brighton, and South Coast Railway. London and North Western Railway. Metropolitan District Railway, 2. Metropolitan Railway, 5. Midland Railway. North London Railway. Public, The. Third-class Passengers. Troops and Stores. Workmen's Trains.*

Farrer, Thomas Henry. (Analysis of his Evidence.)—Is permanent secretary of the Board of Trade, having been personally connected with the railway business of the Board since 1866; 2246, 2247——Submits that it is essential to keep distinct the question of exemption and the question of the tax itself, inasmuch as any restrictions upon the companies' freedom of action arise in respect of the former, 2249–2252.

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Quotation from the Third Report of the Select Committee of 1844 as clearly showing that the Committee concluded it would not be to the interests of the companies to run cheap trains, and that exemption was proposed in return for the obligation to run such trains, 2259–2261——Reference also to the Act of 1844 as showing that Parliament considered it would not be profitable to run cheap trains, and sanctioned exemption from duty as a compensation for the obligation put upon the companies, 2261–2263——Infinitely greater accommodation afforded to third-class passengers than the Legislature ever required, 2264–2266.

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upon the question of stopping trains, 1845. 1863. 1864——Belief that the remission of the tax would be very popular, 1851——Strong disapproval of any important industry being singled out and taxed upon profits, 1852–1854. 1933——Operation of the duty as a partial income tax, 1854. 1865——Increased pressure of the duty in the case of companies which are earning the least, 1855——Great injustice of the tax in its incidence upon the Metropolitan Railway, 1855, 1856. 1970.

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Conclusion further expressed as to the injustice of the exceptional taxation of railways, 1903–1910——Hardship in railways being heavily assessed for local rates and being subject also to a partial income tax, 1911–1917. 1934–1938. 1976, 1977——Absence of analogy between the passenger duty and the brewer's license, 1925–1929——Value of railways chiefly to the labouring classes, 1929, 1930——Self interest of the companies generally to give all possible facilities to third-class passengers, 1931.

Repetition of the opinion that, as soon as the exigencies of the State admit, the tax should be abolished, 1932, 1933——Admission as to the greater convenience to the companies if the tax were raised by a per-centage on receipts without exemptions, 1939–1944——Question considered whether third-class passengers should be specially the subject of exemption; great increase in the wages and prosperity of this class, 1948–1956. 1978–1980——Effect of a very small reduction in third-class fares to greatly increase the number of passengers, 1971–1975.

I.

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Argument that the tax falls upon the companies, and not upon the public, when the fares are below the maximum, *Farrer* 2302–2354. 2744–2750. 2849——Statement showing the important effect produced upon the price of various railway stocks by Mr. Lowe's proposal (when Chancellor of the Exchequer) for a tax of one per cent. on gross receipts, instead of five per cent. on passenger receipts with exemptions, *ib.* 2345–2354.

Payment of the duty by witness's company as not being able to recoup themselves from the public, *Mansel* 2243——Concurrence with Mr. Farrer as to the duty being really paid by the railway companies, and not by the public; that is, in the metropolis, where the competition is so great, *ib.* 2442–2445. 2467. 2496——Large number of shareholders by whom the tax is really paid; question hereon as to the duty being a tax on locomotion, *Oakley* 2573–2575. 2586–2589.

Further argument as to the incidence of the tax upon the companies, *Farrer* 2642–2646——Question for consideration as to the incidence and operation of the tax, and not as to its origin; admission, however, that the complaints by railway shareholders are but natural, *ib.* 2694–2702. 2725–2732——Payment of the tax by the passenger in those cases only where the fares are at their maximum, and where the tax is charged in addition, *ib.* 2714–2720——Payment generally of the tax by the ordinary shareholders where competition is in force, *ib.* 2721–2724.

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Income

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Income Tax. Grievance in railway companies being charged indirectly a higher rate of income tax than their competitors, and than gas and water companies, *Fenton* 1353——Operation of the duty as a partial income tax, *Lord Houghton* 1854-1865——Concurrence in the view as to the operation of the duty as a partial income tax; that is, in thinly populated districts, and where the duty cannot be added to the fares, *Ellis* 2066-2073.

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India. Very different treatment of railways in India and in England, at the hands of Government in each country, *Samuda* 3523. 3525, 3526. 3529-3531.

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Return showing the great variation in the per-centage of exemptions, as between the different companies, *App.* 256, 257.

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Inland Revenue Board:

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Confirmation of the evidence of Mr. Melvill as to the practice of the department in dealing with the question of the railway passenger duty, *Sir W. H. Stephenson* 961, 962. 964-967——More favourable view taken by the Board of Trade than by the Inland Revenue as to the exemptions claimed by the companies, the question having been first decisively raised by the latter department, *ib.* 969-972. 986, 987. 1000——Attention of witness first called by Mr. Melvill in 1866, to the fact that the companies were not paying according to the strict letter of the law, *ib.* 1017-1020——Representations made in 1866 by the Inland Revenue to the Board of Trade, the latter, however, not falling in with the view of the former as to the state of the law, *ib.* 1021.

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Legal Proceedings. See *Board of Trade. Cheap Trains Act. Exemptions. Inland Revenue Board. North London Railway*, 1.

Legislation. Conclusion that further legislation is necessary, either by way of repeal or amendment of the Act 7 & 8 Vict., *Melvill* 261–264. 385, 386.

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Local Taxation. Hardship in railways being heavily assessed for local rates, in addition to being subject also to a partial income tax, *Forbes* 746, 747. 757; *Lord Houghton* 1911–1917. 1934–1938. 1976, 1977——Examination as to the system of local assessment and amount of local rates in the case of railways as compared with ordinary traders and with canals, coal mines, and property generally; conclusion as to the exceptionally heavy burden upon railways, *Mansel* 2453–2466. 2470–2495.

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Operation of the duty as a tax upon locomotion, however it may be levied, *Fenton* 1250-1259; *Mansel* 2451, 2452. 2497–2500——Imposition of the passenger duty in the first instance on the ground that the taxation of means of locomotion was at the time an accepted principle, *Lord Houghton* 1825–1828——Immense increase since 1833 in the produce of the tax on railways, whilst other modes of locomotion are now relieved from taxation, *ib.* 1828.

Conclusion as to the duty having been imposed in the first instance by Sir Robert Peel because there were taxes on other modes of locomotion, and as to the duty upon stage coaches having been subsequently reduced because the latter were more heavily taxed in proportion than railways, *Farrer* 2254-2259. 2302–2306. 2650-2654——Approval of a tax on locomotion unless it hinders development, is difficult of collection, or is easy of evasion, *ib.* 2820-2824.

Origin of the agitation in the remission of duty to competing modes of locomotion and in increase of charge upon railways, *Mansel* 2506. 2523. 2539——Reluctance on the part of Sir Robert Peel and of Government in 1844 to put a tax on railways, the tax having been imposed only because other modes of locomotion were taxed, *Allport* 2929. 2967. 2980. 3011–3016——Views of Lord Bacon cited as to the primary importance of facilities of locomotion; argument thereon as to the impolicy of any tax on locomotion, *Samuda* 3523, 3524. 3541. 3551–3558.

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Comparative statement of the taxes on locomotion in each of the years 1832–75, distinguishing

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Locomotives. Reference to a suggestion for changing the duty into a tax upon locomotives, *Farrer* 2654, 2655.

London, Brighton, and South Coast Railway. Large proportion of third class passengers on the London and Brighton Railway, the receipts from this class being nearly half the gross passenger receipts, *Laing* 3585-3587——Average receipt of 6 *d.* for each third class passenger, the traffic being chiefly a short distance traffic, *ib.* 3588-3590——Payment by the company of 46,000 *l.* in duty in 1875, of which about 30,000 *l.* is recovered from the public by an addition to the fares, *ib.* 3591-3593.

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Statement as to the company being in a much better position to adopt improvements and to give increased accommodation if free from a net tax of 15,000 *l.* a year, *Laing* 3602–3607. 3642. 3668–3671. 3688, 3689. 3733. 3738–3743——Heavy pressure of the tax when the company was not in a prosperous condition, *ib.* 3602-3607. 3642——Great attention paid to the adjustment of fares so as to facilitate travelling and to enlarge the receipts; very careful manner in which the charges were increased after the decision in the North London case, *ib.* 3656–3662.

London, Chatham, and Dover Railway. Illustration of the heavy incidence of the duty in the case of the London, Chatham, and Dover Company, *Forbes* 765——Statement showing the great competition to which the company is subjected by steamboats, omnibuses and tramways; grievance in the railway being exclusively taxed, *ib.* 777–788.

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METROPOLITAN DISTRICT RAILWAY:

1. *Working Arrangements.*
2. *Fares.*
3. *Competition.*
4. *Workmen's Trains.*
5. *Third Class Passengers.*
6. *Season Tickets.*
7. *Booking.*
8. *Local Rates.*
9. *Pressure of the Passenger Tax.*

1. *Working Arrangements:*

Explanation of the route followed by the Metropolitan District line in conjunction with the Metropolitan, the two being worked as one system as regards the facilities to the public, *Forbes* 692–695——Great number of trains run daily between the Mansion House and Gloucester-road, all being first, second, and third class, and stopping at every station; numerous trains also over other parts of the system of the Metropolitan District Company, *ib.* 695.

2. *Fares:*

Statement of the railway fares, these being in every case much lower than the Parliamentary maximum, *Forbes* 696–700——Very low fares on the line, so that reduction is hardly likely to follow a remission of the duty, *ib.* 905, 906. 911, 912.

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Admission as to companies in the metropolis being in an exceptional position as regards competition, *Melvill* 402, 403.

Very severe competition to which the District Company is subjected, the fares being in fact regulated with direct reference to the fares by omnibus and by steamboat, *Forbes* 695–700——Grievance in the company being taxed, whilst the owners of omnibuses and steamers are entirely free, *ib.* 695. 727 *et seq.*

Details in further proof of the statement that the District Railway is heavily and unjustly taxed, whilst its competitors, the omnibuses and steamboats, are now untaxed; undue advantage of the latter thereby, *Forbes* 745–760——Equal ground of complaint by the company, although the omnibuses and steamboats were in operation before the railway elected to compete with them, *ib.* 868–874.

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3. *Competition*—continued.

Dissent from the conclusions arrived at by Mr. Forbes on the question of competition; denial that there is any such real competition as has been represented, *Farrer* 2356. 2751-2753. 2832-2836. 2919-2924——Doubt as to there being any effective competition from end to end of the line, *ib.* 2356.

4. *Workmen's Trains:*

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5. *Third Class Passengers:*

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6. *Season Tickets:*

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7. *Booking:*

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8. *Local Rates:*

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9. *Pressure of the Passenger Tax:*

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METROPOLITAN RAILWAY:

1. *Generally as to the Pressure of the Passenger Tax.*
2. *Numerous Trains run, and Heavy Cost of Working.*
3. *Workmen's Trains.*
4. *Competition.*
5. *Fares.*
6. *Season Tickets.*
7. *Local Rates.*
8. *Accounts, and Payment of Duty.*
9. *Limitation upon the Issue of Cheap Tickets.*
10. *Legal Proceedings against the Company in* 1871.
11. *Requirements as to Conveyance of Luggage.*
12. *Effect of Alternative Modes of Assessing the Duty.*

1. *Generally as to the Pressure of the Passenger Tax:*

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METROPOLITAN RAILWAY—continued.

1. *Generally as to the Pressure of the Passenger Tax*—continued.

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2. *Details generally relative to the Working of the Line, the Competition, Fares, Passenger Duty, Local Rates, &c.*

1. *Details in connection with the Question of Exemption of Cheap Trains, the Action of the Board of Trade in the matter, the Legal Opinions taken, and the Result of Applications to the Court of Exchequer and the House of Lords:*

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2. *Question of making Exemption conditional upon Increased Facilities to the Public.*

1. *Effect of the Duty as regards the Interests of the Public; Results anticipated from Repeal or Increased Exemption:*

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1. *Representations on the part of the War Office as to the Rates for Conveyance of Troops, &c.*
2. *Views of the Board of Trade.*
3. *Explanations on the part of the Companies.*
4. *Conclusions of the Committee.*

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Receipt of 6,700 *l.* a year by the Great Western Company for the conveyence of troops, *Grierson* 3509——Refusal of an offer made by the company to convey a regiment of cavalry at about half the usual charges, *ib.* 3509, 3510.

4. *Conclusions of the Committee:*

The Committee consider that all questions relating to the conveyance of troops may properly be left to be arranged between the War Office and the railway companies, *Rep.* vii.

See also *Explosives.* *Treasury.*

Turnpike Roads. Examination as to the use formerly made of turnpike roads by stage coaches, &c., and as to the origination and ownership of such roads, *Ellis* 2092–2100. 2106–2108.

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United States. Excellent facilities given to the public by railways in America, *Lord Houghton* 1885–1887——Great facility in the construction of railways in the United States; system of State duties in force, *Laing* 3653-3655. 3672, 3673.

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Report, 1876—*continued*.

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War Office. See *Troops and Stores.*

Weekly Tickets. Conclusion as to the illegality of claims for exemption upon weekly tickets for working men, *Farrer* 2691, 2692.——*See* also *Season Tickets.*

West of England. Failure for the most part of the railway extensions in the West of England; reference especially to the Portishead, the West Somerset, and the Minehead Railways, *Ellis* 1989. 1992, 1993. 2027. 2075-2078——Voluntary formation, doubtless, of the several lines which have ended in failure; public want which led to their formation, *ib.* 2028-2033. 2044-2047. 2074.

See also *Cornwall Railway. Devonshire. Torbay and Brixham Railway.*

Working Expenses. Considerable increase in the per-centage of working expenses, whereas the duty is charged on the gross receipts, *Fenton* 1315-1321. 1337-1339—— Large increase in the working expenses of railways, as for the block system, &c., so that the Government tax on gross receipts presses more heavily than in former years, *Allport* 3081-3086——Great increase in the per-centage of working expenses, so that a tax on gross receipts presses all the more heavily; reference especially to the great expense entailed by the block system, *Grierson* 3491-3495. 3499-3503——Increased pressure of the duty accordingly as the working expenses increase, *Laing* 3744-3746.

Workmen's Trains, and Working Classes. Payment of duty claimed upon workmen's tickets, unless all the conditions are complied with, this being done on the Great Eastern line, *Parkes* 474-484. 488, 489——Prejudicial effect of the disallowance of exemption, unless the trains stop at every station, in respect of cheap third class tickets for suburban workmen at such places as Walthamstow; way in which this restriction prevents the development of London outwards, *ib.* 475-484. 513-522. 541-554. 597-599——Statement that between 1844 and 1867 the railway companies obtained their Acts under the full impression that exemption would apply to workmen's tickets, *ib.* 485-487. 523, 524.

Further evidence as to the prejudicial effect of the conditions in regard to workmen's trains on the Great Eastern line, *Parkes* 541-551——Very small charge by workmen's trains, the tax seriously reducing the profit, if there be any, *ib.* 643-645. 653-663.

Large money value of the time saved by the use of the workmen's trains on the Metropolitan Railway, *Fenton* 1192-1194. 1279——Question whether the working classes should have been specially protected by the Legislature; the workmen's trains are, in fact, largely used by a class of persons for whom they were never intended, *ib.* 1274-1279.

Advantage as regards workmen living in the suburbs of large towns if cheap trains be encouraged by exempting all fares at or under 1 *d.* a mile, *Rickman* 1688-1694—— Boon to the working classes, more especially, if the tax were remitted; increased facilities to be given in the shape of cheap trains and season tickets, *Lord Houghton* 1833, 1834. 1875. 1877——Value of railways chiefly to the labouring classes, *ib.* 1929, 1930——Special legislation as regards the running of early and late workmen's trains in and out of London; limited liability on the score of compensation in consideration of this obligation, *Farrer* 2624-2627.

See also *Cheap Trains Act. Excursion Trains. Exemptions. Metropolitan District Railway*, 4. *Metropolitan Railway*, 3. *Stopping Trains. Third Class Passengers.*

Worthing. Strong public feeling at Worthing on account of the increase of local fares by the Brighton Company in consequence of the increased pressure of the railway tax; instances of this, *Paine* 3180-3191——Local feeling in favour of the abolition of the tax, as this would probably lead to a reduction of fares; examination as to the grounds for this conclusion, *ib.* 3192-3218.

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